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# ROYAL COMMISSION

ON

# SHELL CONTRACTS

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## COMMISSIONERS:

The Honourable Sir WILLIAM MEREDITH, Knight, Chief Justice of Ontario.

The Honourable LYMAN POOLE DUFF, Justice of the Supreme Court.

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## SECRETARY:

J. A. RITCHIE, Esquire, Barrister-at-Law.

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## MINUTES OF EVIDENCE.

## PART II



OTTAWA

PRINTED BY J. DE L. TACHÉ,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
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## TABLE OF CONTENTS.

	PAGE.
Preliminary Proceedings . . . . .	1
Evidence of—	
Mr. David Carnegie . . . . .	20
Recalled . . . . .	1449
Mr. Thomas W. O'Neill . . . . .	330
Sir Alexander Bertram . . . . .	331
Recalled . . . . .	1447
Recalled . . . . .	1478
Mr. John Fosbery Orde . . . . .	381
Mr. W. Lyon Brown . . . . .	421
Mr. Thomas Cantley . . . . .	446
Recalled . . . . .	685
Mr. George W. Watts . . . . .	469
Mr. Rufus L. Patterson . . . . .	508
Mr. Lloyd Harris . . . . .	554
Mr. Wilfrid Judson Hawkins . . . . .	615
Mr. John A. Harris . . . . .	644
Mr. William I. Banfield . . . . .	689
Mr. Edwin B. Cadwell . . . . .	709
Mr. Benjamin F. Yoakum . . . . .	789
Recalled . . . . .	956
Mr. Thomas Benson . . . . .	819
Col. Frank D. Lafferty . . . . .	831
Mr. C. Greville Harston . . . . .	853
Mr. John William Borden . . . . .	877
Mr. Joseph Wesley Flavelle . . . . .	885
Mr. Charles B. Gordon . . . . .	917
Col. J. Wesley Allison . . . . .	1043
Recalled . . . . .	1130
Recalled . . . . .	1353
Mr. Ebenezer Carnegie . . . . .	1092
Recalled . . . . .	1344
Major-General Sir Sam Hughes . . . . .	1193
Mr. Alexander Fowler Riddell . . . . .	1280
Mr. Thomas A. Russell . . . . .	1283
Major-General Henry Smith . . . . .	1335
Miss Mabel G. Edwards . . . . .	1349
Mr. William McBain . . . . .	1354
Mr. Wilfrid I. Ohmer . . . . .	1360
Mr. Edward F. Sise . . . . .	1388

## TABLE OF CONTENTS

	PAGE.
Mr. Joseph D. Hathaway . . . . .	1393
Mr. Arthur Kirby . . . . .	1402
Mr. Melville P. White . . . . .	1412
Col. Herbert J. Mackie . . . . .	1420
Argument by—	
Mr. Hellmuth . . . . .	1486
Mr. Carvell . . . . .	1495
Mr. Johnston . . . . .	1562
Mr. Ewart . . . . .	1577
Mr. Lafleur . . . . .	1615
Mr. Henderson . . . . .	1631
Mr. Atwater . . . . .	1656
Mr. Laflamme . . . . .	1663
Mr. Nesbitt . . . . .	1677
Mr. Markey . . . . .	1697



# ROYAL COMMISSION.

SIXTEENTH DAY.

MORNING SESSION.

OTTAWA, Tuesday, May 16, 1916, 10 a.m.

Sir WILLIAM MEREDITH: Now, Mr. Hellmuth?

Mr. HELLMUTH: I will call Colonel Harston first.

C. GREVILLE HARSTON, sworn.

*By Mr. Hellmuth:*

Q. Colonel Harston, what has your position been in Canada?—A. I have been Chief Inspector of Arms and Ammunition.

Q. For how long?—A. Since 1908.

Q. Do you remember when you were appointed; you remember the fact that you were appointed a member of the Shell Committee?—A. Yes.

Q. When you were appointed did you know what position or status the Shell Committee had?—A. Well, sir, when General Hughes sent for Colonel Lafferty and myself about this matter we were told to get together all the manufacturers we thought could go into the business, and I suggested to Colonel Lafferty that he should get Colonel Harkin, who knew every foundry in the country, and we got them together and we met General Hughes. We were then told to go into a room and explain to them. Colonel Lafferty explained the manufacture, and I explained the inspection. That was the first meeting. We were told by General Hughes to help them all we could and to do everything we could to help and instruct them, and we did so.

Q. You attended at all events some of the meetings of the Committee?—A. Yes, sir.

Q. That appears from the Minute Book. Did you during the early attendances learn or acquire any knowledge as to the position of the Committee?—A. Yes, sir. At first we were simply interested in getting ammunition made. They were crying out for it in the Old Country, and General Hughes was very insistent about it. Then the War Office asked, as I understood, for a contract, and therefore I understood that the manufacturers selected certain men to represent them, and they signed a contract. I then represented the Chief Inspector of Woolwich in this country. On that work I was virtually the Chief Inspector of Woolwich, and the Woolwich people always referred to the Shell Committee as the contractors, and to my mind I always called them and referred to them as the contractors, and never until I heard Colonel Lafferty's suggestion yesterday did it occur to me to put it in that way, because I always looked upon them as the contractors.

Q. Did you understand then what would happen, or did you learn after a time as to the prices that had been fixed between "Militia" here or the Shell Committee and "Troopers" or the War Office in London; did you understand that there were going to be profits, that is to say, that the munition was likely to be obtained at a lower rate than had been quoted?—A. No, sir. I thought at first that they were bound to have losses. I did not see how they were going to get out of it with profits, and I think a great many of the first contractors suffered losses on account of our strict inspection.

Q. Do you mean the men who had sub-contracts?—A. These four gentlemen who represented the manufacturers, they divided the orders up amongst the others. In the Old Country, when a man takes a shell contract he makes it all through, but in this country it was not possible. They therefore contracted for plugs and sockets from one man, tin caps from another, and forgings from another. Any machinist can turn out a shrapnel shell, but any machinist cannot give it the heat treatment to stand our test.

Q. You mean that the man who made the plugs and sockets, the man who made the tin caps and the man who made the forgings were the people who were going to make losses?—A. I thought some of the men who took the final assembling and turning up would make losses, on account of not understanding the heat treatment, and I think they did.

Q. Did a period arrive at which you understood that the prices quoted to the War Office would be not used up entirely in the manufacture of a complete empty—if I may use that expression?—A. Yes, sir.—I asked General Bertram how he was getting on, and he said we were coming out on the right side, and I proposed to General Hughes to turn it into the Patriotic Fund, but it was thought better to turn it back to the War Office. That is what General Bertram told me.

Q. Did you hear of the procurement or attempted procurement of fuses?—A. When the War Office demanded fixed ammunition, and there was accumulated something like a million shells here, and they insisted upon having the fixed ammunition, which of course meant with cases, fuses, cordite, primers and everything, unfortunately the case makers when they started out thought it was an easy job, and one firm alone told me they lost \$25,000 on it, and another firm that went into making brass cases said they were about three-quarters of a million behind and that if they spent another quarter of a million they would have to throw it up. But ultimately they came out all right, and are making 40,000 a day.

Q. When you speak of cartridge cases, you mean that that is part of the fixed ammunition?—A. Yes, that is part of the fixed ammunition.

Q. Did you know of the five million order for complete or fixed ammunition?—A. Yes, sir.

Q. You knew of that?—A. Yes, sir.

Q. Did you attend a meeting on the 19th of June; there appears to be a Minute of the Committee meeting, and the Minutes show the reading of contracts with the American Ammunition Company and the International Arms and Fuse Company, two contracts appear to have been read by Mr. Orde, who submitted the draft agreements for the total of five million fuses divided between the two companies, 1,666,000 and odd of No. 100 graze fuses to the American Ammunition Company, plus 833,000 or 834,000 of time fuses, and to the International Arms and Fuse Company, all time fuses, 1,666,000 and odd of No. 80 mark 5 fuses and 833,000 and odd of No. 80-44 fuses; were you present at the meeting at which those contracts were read?—A. Yes, sir.

Q. Do you remember whether General Pease was there or not?—A. Yes, sir, he was there.

Q. Did you know General Pease?—A. Yes, sir.

Q. That was before you came into the Canadian Service?—A. Yes, sir. He was in the Royal Marines.

Q. May I just ask how long you have yourself been connected with the Army, or [C. Greville Harston.]

with military matters?—A. Well, sir, on the 9th of August it will be 50 years since I first put a regular uniform on, and I was in the Volunteers before that. It is rather hard to ask me those questions, I think.

Q. However, you knew General Pease?—A. Yes, sir.

Q. You remember being present at that meeting?—A. Yes.

Q. Do you remember how long he had been out in this country before that?—A. I think he had been a month or six weeks. I am not sure, though.

Q. Do you remember what at that meeting the prices were, before I give them to you?—A. Yes, sir, I remember the prices perfectly well.

Q. What were the prices?—A. The prices were \$4.50.

Q. For what?—A. For the time fuses, and \$4 for the graze fuse.

Q. Can you tell me whether there was any discussion about the prices at that meeting?—A. Yes, sir. There had been a discussion, because the Shell Committee had talked of making a contract for \$4.90, and they had got it down to \$4.50, and from my position representing the Chief Inspector of Woolwich I wanted them to contract for the \$4.90 and go ahead, and they lost six weeks. We wanted fixed ammunition, and a few cents more or less did not make any difference. We wanted fixed ammunition for the Front. I wanted them to go ahead, and I did not care whether they paid \$5 for the fuses, as long as we got the fixed ammunition at the price agreed.

Q. There was a discussion about prices at \$4.50 or \$4.90, as far as you remember it?—A. Yes, sir. General Hughes urged them to get the prices down as low as possible, and therefore Colonel Carnegie and General Bertram had been going around trying to get the prices down, and rather prided themselves on getting it down to \$4.50. I rather thought they had done well, too.

Q. Was anything said about prices, about \$4.50 and \$4, when General Pease was there?—A. No, sir. He thought it was all right. He thought, as I did, that we wanted the fixed ammunition.

Q. That was at a meeting on the 19th. You had nothing to do with the actual negotiations, I understand, with those companies?—A. No, sir.

Q. Or their representatives?—A. No, sir.

Q. Did you hear anything at all about Canadian manufacture of fuses?—A. Yes, sir. I think when we first talked fuses Col. Carnegie asked me where they could be made in Canada, and I knew quite a lot of plants, and I told him that I thought the only place they could be made would be the Canadian General Electric at Peterboro, and he got a proposition from the War Office to make so many thousand at cost price plus some percentage, I do not remember what it was, and I was in hopes the Canadian General Electric would have taken it up, but they refused it, and I looked upon it when they refused it—theirs was the best plant in Canada to make it—and I looked upon it as almost hopeless to get it made in Canada then.

Q. Do you remember a meeting of the 17th July at which General Pease was present and the proposal of Messrs. Harris and Russell for the manufacture of 500,000 No. 100 fuses at \$4 each was considered, and it was suggested that arrangement be made for 250,000 at \$4 each and 250,000 at \$3 each; "This decision was arrived at after full discussion as to prices being paid in the United States, but the importance of starting the manufacture of fuses in Canada was considered to justify the foregoing prices"—do you remember that, that is about a month after the other?—A. Yes, sir; I remember it perfectly.

Q. What part, if any, did General Pease take in regard to prices?—A. He took a very active part; he had been down in the United States and he had been making inquiries about prices and so on, and he came back and he told us what he had learned, and he thought—

Q. Can you at all remember what he told you he had learned?—A. I know the result was he told us he thought this No. 100 graze fuse should be made for \$3, but for the purpose, he himself proposed that the price should be \$4 for the first half of

it and \$3 for the other, so that they would average \$3.50; that was his proposal. I was sitting next to him and he figured it up and I saw the figures.

Q. You cannot tell me apparently the details of what he said he had learned?—

A. If I remember right he said he thought, I am not sure about this though, I think he said that he thought those 100 fuses could be made in the United States for about \$2.90; that is my recollection of it.

Q. And at that time you understood that the 100 fuses would be loaded?—A. Oh yes.

Q. It was to be a loaded fuse?—A. Yes, a complete fuse.

Hon. Mr. DUFF: Was it a loaded fuse that they were discussing at that meeting?

Mr. HELLMUTH: Yes, filled.

Hon. Mr. DUFF: Would that involve the passing of the firing test?—A. Yes, sir, certainly; nothing was accepted without our inspection.

Q. The loaded fuse would not be accepted without firing test?—A. No, nothing was accepted without our inspection.

Mr. HELLMUTH: Had you anything to do with reference to the gauges for the testing of this matter?—A. Yes, sir. We have a tool room and experimental work shop, and we designed—

Q. When you say "we" whom do you mean?—A. The Inspection Department.

Q. Where is that?—A. In Quebec. I am Chief Inspector of Arms and Ammunition, and I have an inspector of small arms and his assistant who look after the rifles, revolvers, machine guns, telescope sights and so on, and I have an inspector of ammunition who looks after the cordite, the small arms ammunition, the cases and the shell and primers and fuses, and everything on the ammunition side.

Q. Are you at all a practical man yourself?—A. Woolwich thought I was, the War Office thought so; I do not know.

Q. I am not saying a practical man in regard to inspection, but I mean a practical man in regard to the manufacture of such things as gauges?—A. I used to work at a lathe; I made a gun once that made some stir in the world and the Enfield factory sent for me once and kept me working two years on machinist work.

Q. You actually yourself put on your apron and worked?—A. Yes, sir.

Q. What did you do about the gauges?—A. Woolwich designed this No. 100 graze fuse but they did not design any gauges for the 100 fuse, and we had no experts in fuses out here, and I asked Woolwich to train two men and send them out to assist me, and they trained Mr. Lyon Brown and sent him out on the mechanical part to me and Capt. Flannery on the firing part; and when Mr. Lyon Brown came out he said he had no gauges or blueprints for us to make gauges from, and would we go to work and design them, and therefore we designed the gauges, made them for the 100 fuse, we first made one set and tried them out, and when we found they were all right we made the rest for them.

Q. This is for the 100 fuse?—A. Yes.

Q. That was a new fuse?—A. Yes, and needs a lot of designing.

Q. Those gauges, do you mean the master gauges?—A. Yes; I made all the check or master gauges for all the munitions work, that is to say the gauge makers made the gauges for inspection of shells or cases or everything else; then I made the check gauges which checked up the gauges themselves, and I provided every district inspector with a complete set of check gauges so that he might see when his gauges got worn; and then we would make him a new set or get another new set for him, but all had to be up to the master set which we made; and it is very difficult work, it is the most skilled work there is of mechanical engineering; it takes men ten, fifteen and twenty years to become good gauge makers, and they draw very high pay, and they deserve it.

Q. Had you those men there at Quebec?—A. Yes, sir; I have six men, you cannot beat them anywhere. We can turn out better gauges in our little workshop, and

[C. Greville Harston.]



are doing it, than any in the United States; they have compared them with them and we have taken the prize every time; and I am not afraid to stick up for our men.

Q. You made those gauges in your own workshop?—A. Yes.

Q. What about the gauges that were turned out, for instance, take the gauges that were turned out for use, not the master gauges—who made those?—A. They were mostly made, the first inspection gauges, the first contract, we could not get anybody in Canada to make them, and I gave the first contract off my own bat to Pratt & Whitney of Hartford, Connecticut, and then I checked them up; I made check gauges and checked them up with those; and then afterwards one or two firms, both in Canada, in Montreal and Toronto, when we got over the first rush and they could take more time about it, we have had a comparatively few made there, two or three firms.

Q. When were those made, about what date?—A. It would be about a year after we started the work.

Q. So at the first you say you gave those gauges out?—A. The inspection gauges.

Q. The inspection gauges to whom?—A. To Pratt & Whitney.

Q. Was there any other American firm had them?—A. Not the first lot, sir. The first lot for the first orders were all made by Pratt & Whitney for us, checked over by us.

Q. Had they skilled gauge makers?—A. Oh, yes, sir. You cannot make gauges unless you have skilled men.

Q. You have been able and you are now getting some of the gauges at all events made in Canada?—A. I have had nothing more to do with the inspection of Imperial munitions since Lloyd George has taken it over; I have too much to do for the militia, and they have their own inspection department, the Imperial Munitions Board; since 1st January I have had nothing more to do with it.

Q. All your tale is prior to 1st January?—A. Yes, sir, except by General Hughes' order I help them out, whenever they want some particular gauges made I make them for them; I just made sixty now.

Q. Are those master gauges?—A. No, they were for the inspection gauges, sir.

Q. Then did you know anything about the supply of cartridge cases along about July of 1915?—A. Yes, sir, I did.

Q. What was the position in regard to the manufacture of those cartridge cases of the parties who were supplying them at that time?—The Canadian manufacturers fell down badly, and General Pease and I went around to some of the manufacturers and saw about \$25,000 worth that had been rejected, would not stand the proof, and the Shell Committee were awfully anxious to get cases because they had got the shells and they had not the cases and we could not make up the fixed ammunition, and we were urging them of course to get it, and he went around with me and saw some of the rejects; some of the manufacturers thought we had been too hard on them, but we had to hold them up to the test; and the chief inspector at Woolwich says we have sent them over the best ammunition they have had.

Q. Did you hear about an order given the Edward Valve Co., of Chicago?—A. Yes, sir; I heard the whole of the discussion, I heard the whole of the discussion at one meeting I was present.

Q. Can you remember at all what that discussion was?—A. This man said that he was—

Q. Which man?—A. I do not know what his name was, a big stout fellow.

Q. He was there?—A. Yes, and a lawyer, and he was a very persuasive man and he wanted to tell us he could turn out and make cases in I do not know what time—a lot of ridiculous nonsense, they did not know anything about the job; and ultimately the Shell Committee said "Well, we will take all you can deliver up to a certain time; if you will deliver so many to a certain time we will take them;" they would not give them a contract; that meant covering up the time while the Canadian manufacturers were getting ready and getting started again.

Q. Were you there when any were delivered by him?—A. I do not think he ever delivered a single one; I sent inspectors down there and the examiners, and I never heard of any being delivered.

Q. You say there was no contract with him, but there was some arrangement?—A. Agreement to take all he would deliver; that was the way I understood it, up to a certain time, just to give the men who had gone into it in Canada and put a lot of money into it time to get around and get ready and make their cases.

Q. You were present at all events when that was discussed?—A. Yes, sir.

Q. And your recollection is he never delivered any?—A. Not while I was handling it.

Q. Did you know that the initiation, perhaps I may put it, that the introduction or initiation of the Edward Valve Co., being brought into it was through Colonel Allison; did you know that?—A. No, I never heard of that.

Q. Is there anything else in regard to the fuse or Edward Valve contract that occurs to you that you can throw any light upon?—A. No, sir, fuse making is the most difficult thing there is, time fuse especially, and I always doubted whether the thing could be done here at all unless they put up an experimental plant at the Arsenal and experimented with it; it is not so much the mechanical part, but it is getting the right powder, making the right mixture and getting the right pressure—if you have got trenches only as far apart as this room and your shell bursts short or long it is either no good or you are killing your own men; and it has got to be absolutely accurate; and it is a most difficult thing.

Q. At these meetings of the committee did you know or recognize that Col. Carnegie with General Bertram were the parties who were negotiating and carrying out, or attempting to carry out the contracts that were being made?—A. Yes, sir.

Q. What reports, or did you get reports from them from time to time or not of what they were doing?—A. Yes, sir; at every meeting on the table there was a list of all the contracts for everything that they had done, so it was always available in the room; we could always look at it if we wanted to, if we had time, but we had so much else to do, now and then I would glance over the list of orders that they had given for component parts or anything of that, but as a rule I did not go into it; it was all there for our information if we wanted it.

Q. I am requested to ask you whether you were at a committee meeting on the 4th June when there was any statement in regard to letters having been given to the Inter-national and the American taking up the whole five million order, two million five hundred thousand to each?—A. The Minute Book will show, sir. My recollection of it is I did hear of that and I was present; I should say I was present, but the Minute Book would confirm whether I was or not. I distinctly recollect hearing about the letters.

Q. You remember hearing about the letters?—A. Yes.

Q. At some meeting?—A. Yes.

Q. Apparently not at the time of the 4th June but at the time the letters were given, it was assumed they were time fuses apparently?—A. Yes.

Q. Because the letters state 80 over 44, 80 Mark V or 85?—A. Yes; it was time fuse they first negotiated for.

Mr. CARVELL: You are in error there; that was stated in a letter to the International Arms and Fuse Co., but not in the letter to the American.

Mr. HELLMUTH: Mr. Commissioner Duff asked me to look up to see when the period occurred that the Shell Committee or Colonel Carnegie and General Bertram would be first aware that not only time fuses but a proportion of graze fuses would be required for the filling of the five million shell contract.

Hon. Mr. DUFF: What I wanted was all the cables on that.

Mr. HELLMUTH: I have gone through them, and I have some additional cables which I am going to put in; and I am quite satisfied, because I have gone through it

[C. Greville Harston.]

twice; up to the 28th May until a cable was sent from England of the 27th May there was clearly in the minds of the Shell Committee here, and I think (I do not want to make this too strong) it was the only conclusion that the Shell Committee here could have drawn from the cables, that the whole of the order was to be between various classes of time fuses, either 80 Mark V, 80 over 44, or 85, and that it was not until the 27th May that they knew that the graze fuse was to be used at all on this order. I am going to give you now—

Hon. Mr. DUFF: I shall be very glad if that is so. On the cables as they are in now I think it will be very very difficult to draw that conclusion; in fact I think the other conclusion is pointed to very strongly; but it has been all along very plain to me that there must have been other cables.

Mr. HELLMUTH: There are only one or two, which make it quite clear, and I have had them search for them, but I am quite satisfied of this, I am perfectly certain that the cables that went from here show perfectly plainly that they were, I won't say astonished, but that they did not know why the War Office was insisting upon the type of time fuse—

Hon. Mr. DUFF: I think it is perfectly plain that Col. Carnegie was under some such impression as that, from his own cables; just exactly what his impression was I have some difficulty in fathoming.

Mr. HELLMUTH: Not only that but I did start in reading these cables with the idea that Colonel Carnegie's impression, which as you say, Mr. Commissioner, no doubt he had, that Colonel Carnegie's impression was not perhaps based on sound ground, but since I have read these cables again I cannot see how he could come to any other conclusion. I am going to give you a series of the whole of the cables and answers.

Hon. Mr. DUFF: Have you got them here now?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: Perhaps you would not mind letting me see them.

Mr. HELLMUTH: I asked Mr Stewart to pick out every one of the cables.

Hon. Mr. DUFF: Because Colonel Harston may be able to give us a little assistance on them.

A. I never heard of graze fuse until that contract was made; that was the first I ever heard of it; that is why I asked Woolwich to give me two experts on time fuses.

Q. I do not suppose you saw the cables?—A. No.

Q. Because the cable of April 27th was very distinct that the high explosive shells were to be fitted with graze fuses?—A. I was very seldom in Montreal.

Mr. HELLMUTH: On page 49, exhibit 45.

Hon. Mr. DUFF: Is that the beginning?

Mr. HELLMUTH: That is the beginning of the five million order, but I will go back to page 45.

Hon. Mr. DUFF: My only reason for asking you is this, that is that it seems that some of the subsequent cables refer to cables that preceded the cable of April 17th.

Mr. HELLMUTH: All right, take Exhibit 38, page 45, the date is the 16th March:—

“We have now proposals for manufacturing in Canada of No. 80 filled fuses at the rate of 5,000 per day commencing four months from date of contract. Are you prepared to consider order?”

And the answer comes back on the 20th March. Exhibit 39:—

“Your 294 of March 17th. The War Office is prepared to consider your offer for No. 80 fuses but would like to know your opinion as to the likelihood of the company being able to secure suitable powder for time rings and other—

wise meet the conditions of specification, also the possibility of their commencing delivery in four months."

The next is on page 47, and it is Exhibit 40, and that is on March 21st. It is as follows: (See Exhibit 40, page 47 of this report.)

Then the next is page 48, Exhibit 41:—

"Minister of Militia, Ottawa. 3741 Cipher A. 2. Your 298 of March 22nd.

We should prefer the No. 80 fuse for use with H. E. shell. This is a slightly modified form. The price is very high indeed. Please wire what can be done. Signed TROOPERS."

Hon. Mr. DUFF: We should prefer the 80 fuse as against the 85 fuse, I suppose that is what that means.

Mr. HELLMUTH: As against the American fuse.

The next is page 48 Exhibit 42 (reads):—

Then comes in a letter which has not yet gone in and which I have had dug up of the 5th April 1915. I don't think you will find anything in between.

Hon. Mr. DUFF: There is a subsequent cable that refers to a letter.

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: Is this the letter?

Mr. HELLMUTH: Yes, this is the letter:—

WAR OFFICE, LONDON, S.W., 5th April, 1915.

SIR,—With reference to your cablegram No. 313 cipher of 30th ultimo and previous correspondence regarding the supply of Fuses T and P. No. 80 for use with High Explosive Shell, I am commanded by the Army Council to forward for your information the accompanying copies of the following drawings and specifications:—

Drawing R. L. 20920 (1) } Fuse T. & P. No. 80/44, Mark I.  
20920 }

Drawing R. L. 16603 C. (1) } Fuse T. & P. No. 80, Mark IV—Cover.

Drawing R. L. 20590 (1) } Fuse T. & P. No. 80/44, Mark V.  
(3 sheets) }

Specification L. 3406 Fuse T. & P. No. 80/44 Mk. I.

As the No. 80/44 fuse differs but slightly from the service No. 80 fuse, a sample will be found unnecessary.

Drawings of gauges for the fuse will be forwarded shortly.

I am to request that an amended price at which supply of this fuse could be made be cabled as early as possible.

I am, Sir, your obedient servant.

B. B. CURITT.

The Minister of Militia,  
Ottawa, Canada.  
(Marked as Exhibit 286.)

Hon. Mr. DUFF: Now, do we know when that was received? Perhaps we know that from that telegram.

Mr. HELLMUTH: I think you will as it comes in. It would not be received until the 15th or the 18th.

Hon. Mr. DUFF: We have not any evidence about it.

Mr. HELLMUTH: I have dug up everything I could, because I appreciated what you said about it.

WITNESS: T. & P. is time and percussion.

Hon. Mr. DUFF: Yes.

[C. Greville Harston.]

Mr. HELLMUTH: On page 48 is the next exhibit, number 43.

Sir WILLIAM MEREDITH: That is in.

Mr. HELLMUTH: Yes. This is dated April 7th. This letter was written long before this could have been received. (Reads exhibit 43 on page 48 of evidence.)

Hon. Mr. DUFF: That has only reference to the 18-pounder high explosive shell.

Mr. HELLMUTH: Quite so; but still I must give them in their sequence.

Hon. Mr. DUFF: Certainly.

Mr. HELLMUTH: Then the next is a cablegram on the 14th of April, 1915, from the Department here. That appears on page 49 and is exhibit 44. (Reads exhibit.)

On the 15th of April there comes a letter from Mr. Cubitt of the War Office to the Militia Department.

Hon. Mr. DUFF: You mean that is the date of sending?

Mr. HELLMUTH: Yes.

"In continuation of the letter addressed to you from this office on the 5th inst. regarding the supply of fuses T. and P. No. 80 for use with high explosive shell, I am commanded by the Army Council to forward for your information the accompanying copy (3 sheets) of drawing "No. 21688 of Gauge, Fuse T. and P. No. 80 Mark V."

(Marked Exhibit 287.)

The only point is that they are speaking constantly of the 80 fuse for the high explosive shell.

Hon. Mr. DUFF: But the impression one gets is that what they are talking about all the time is the 18 pounder. The language of that letter, of course, is not limited to that.

Mr. HELLMUTH: Then the next is exhibit 45 of April 17th, set out on page 49. (Reads exhibit.)

I want to emphasize that now. Apparently they are going to get the graze fuse for the high explosive. "We are apprehensive of interfering with existing orders in the United States." If we could stop there, it would be perfectly clear that the Shell Committee was advised that it was going to be the graze fuse for the high explosive.

Hon. Mr. DUFF: That is the first cable that deals with the 5,000,000 order, and that cable dealing with the 5,000,000 order makes it perfectly plain that so far as the 4.5 howitzer is concerned the fuse is to be a graze fuse.

Mr. HELLMUTH: No, the high explosive.

Hon. Mr. DUFF: You must read the two things together.

Mr. HELLMUTH: "Fuse for shrapnel."

Hon. Mr. DUFF: "Fuse for shrapnel must be 22 seconds, but for high explosive, graze fuse." Lyddite is a high explosive.

Mr. HELLMUTH: Yes; but it was not limited to the high explosive—

Hon. Mr. DUFF: Just a minute. You flatly contradicted a statement I made and I want to put it right. The statement I made was that this cable made it perfectly plain that the fuse for the 4.5 Lyddite howitzer was to be the graze fuse. That is perfectly clear, is it not.

Mr. HELLMUTH: I think so.

Hon. Mr. DUFF: It also makes it perfectly plain that the same fuse was to be for the 18-pounder.

Mr. EWART: May I suggest that it is not quite so clear in my mind?

Sir WILLIAM MEREDITH: Is it worth while discussing it at this stage?

Mr. EWART: Perhaps not. I merely wish to say that we might discuss that point afterwards. It seems to me they name there—

Hon. Mr. DUFF: I asked the American expert we had, and he said it was a very unusual thing to find the time fuse used with the howitzer shell.

Mr. EWART: But on the construction—

Hon. Mr. DUFF: That may be so. I want to ask Colonel Harston.

Mr. HELLMUTH: I am agreeing with you, Mr. Commissioner, but I am agreeing this way, that it was both.

Hon. Mr. DUFF: Quite right.

Mr. HELLMUTH: I apologize most sincerely if I said anything in the way of contradiction.

Hon. Mr. DUFF: What I am looking forward to is that you will find something that will clear this thing up. I shall be very glad to see it.

Mr. HELLMUTH: Quite so. Now the next exhibit is—

Hon. Mr. DUFF: That is the answer?

Mr. HELLMUTH: Exhibit 46 is the answer. It is on page 50 and is dated April 23rd. (Reads exhibit.) You will notice that in that cablegram there are two or three questions asked that do not affect the point we are discussing.

Hon. Mr. DUFF: There is no reference to fuses at all.

Mr. HELLMUTH: No.

Mr. EWART: May I suggest that there is a cable on the 21st of April?

Mr. HELLMUTH: I have read everything.

Sir WILLIAM MEREDITH: No, you have not read the one of the 21st.

Mr. EWART: You will find it on page 199. It was put in afterwards.

Hon. Mr. DUFF: It has not any reference to the five million order at all.

Mr. HELLMUTH: You mean Exhibit 166?

Mr. EWART: Yes.

Mr. HELLMUTH: I do not think it has any bearing on this.

Mr. EWART: I think so.

Mr. HELLMUTH: All right, I will read it. This is Exhibit 166 on page 199. (Reads exhibit.)

Hon. Mr. DUFF: It has not very much bearing on the fuse.

Mr. HELLMUTH: I do not see that it has very much bearing, but it does not matter, if any one has any telegrams between I will be glad to put them in.

On page 51 we have Exhibit 47 of April 27th. (Reads exhibit.) That is of course as shown, "May we proceed with this order?"

Hon. Mr. DUFF: That is a reference back to the 23rd of April.

Mr. HELLMUTH: Yes.

Now the next is Exhibit 48 on the same page, dated April 28th. (Reads exhibit.)

Hon. Mr. DUFF: You take these two last telegrams to refer to the telegram of the 23rd of April accepting the order of the 17th of April?

Mr. HELLMUTH: Yes. Now comes this of the 30th of April. This is exhibit 49 on the same page. (Reads exhibit.)

Hon. Mr. DUFF: Quite so.

Mr. HELLMUTH: There is the beginning.

Hon. Mr. DUFF: What is the reference back there? That is the question I asked before.

Mr. HELLMUTH: Back?

[C. Greville Harston.]

Hon. Mr. DUFF: Have you got the cable there?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: The cable reads?

Mr. HELLMUTH: "Your 313 cipher and your letter of April 5th."

Hon. Mr. DUFF: Now, what is the cipher?

Mr. ORDE: At page 48, exhibit 42, top of page.

Mr. HELLMUTH: Yes, 42. This is "Will quote amended price on receipt of drawings, specifications, and sample of fuse for high explosive shells."—

Hon. Mr. DUFF: That is of what date?

Mr. HELLMUTH: 29th of March. That is not touching the five million contract at that moment.

Hon. Mr. DUFF: Quite so, Mr. Hellmuth. Now, there were some other cables about that 100 fuse. Do they come in just here or later?

Mr. HELLMUTH: Yes. Page 54, exhibit 51. (Reads exhibit). That is clearly in reference to this five million contract.

Hon. Mr. DUFF: "Reference recent contract with Shell Committee for shells and fuses." There is no other contract I suppose?

Mr. HELLMUTH: No.

Hon. Mr. DUFF: But you do not, I suppose, take that to suggest that there should be any substitution of the 85 fuse for anything but the other fuse?

Mr. HELLMUTH: No. Now, there are two exhibits that have gone in there and apparently they were not properly dated. I have got them now. Exhibit 53 is in as of the 7th of May. That is an error. It should be in as of the 4th of May. (Reads exhibit 53 on page 58).

Sir WILLIAM MEREDITH: The copy was wrong.

Mr. HELLMUTH: Yes.

Mr. GRANT: I think that was number 55 before, Mr. Hellmuth.

Mr. HELLMUTH: No, number 53. I have got it here before me. I have got the right date of that and it should come in there. You can see what that telegram is in answer to. They were asked if they would accept the 85 fuse, and they say "Will accept." They are talking of the five million contract there evidently.

Hon. Mr. DUFF: "Will accept 85 fuse in substitution for the 80 fuse."

Mr. HELLMUTH: Yes. May I just have that exhibit 53 corrected now as to date?

Sir WILLIAM MEREDITH: The Secretary has a memorandum of that. How do you show that?

Mr. HELLMUTH: I am going to show that.

Hon. Mr. DUFF: However, the important point is the reference to the previous telegram.

Sir WILLIAM MEREDITH: The new copy can be attached to the old exhibit.

Mr. HELLMUTH: Then comes the other telegram, exhibit 54 of the 6th of May on page 58. I wanted to change that to the 4th. It really was the 6th and stands at the 6th. (Reads exhibit).

That, as far as I can see, ties up, if I may use the expression, with the contract for the high explosive to have the 85 for the 80.

Hon. Mr. DUFF: That is to say, where the contract provided for the 80 fuse this substitutes the 85.

Mr. HELLMUTH: Yes, that is quite so.

Hon. Mr. DUFF: Some light might be thrown on it by "Mark VI." Was Mark VI a howitzer shell?—A. No, sir.

Mr. HELLMUTH: What is Mark VI?—A. They kept making small changes in the design of the interior of the shell.

Q. What is it?—A. 18 pounder shrapnel.

Mr. HELLMUTH: Then at the top of page 59 there comes this cablegram of May 7th, exhibit 55. (Reads exhibit).

Then exhibit 56 on the same page, (Reads exhibit).

Now we get the 100 fuse, the graze fuse.

Hon. Mr. DUFF: Has that any connection with the contract at all?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: I would not have thought so. I may be wrong, but I interpreted that as a request for the fuse alone.

Mr. HELLMUTH: Perhaps so.

Hon. Mr. DUFF: I think that is what the witness stated.

Mr. HENDERSON: Colonel Carnegie stated so immediately afterwards.

Hon. Mr. DUFF: Yes.

Mr. HELLMUTH: Page 75, exhibit 66 of May 19th. (Reads exhibit.)

Hon. Mr. DUFF: Is there anything in the papers at all that explains the sending of the cable, that is, the reference to the 4.5 shell in that cable?

Mr. HELLMUTH: What comes after explains it. I cannot find anything before. Then there is a cablegram comes in. I am only putting it in because I have found it. I mean there is nothing to it. The date is the 19th of May, the same date, and it is:—

“4766 cipher A.2. Request a reply to our 4520 cipher of 10th May.”

That is from Troopers to Minister of Militia, Ottawa.

(Marked Exhibit 288.)

Hon. Mr. DUFF: There is no immediate answer.

Mr. HELLMUTH: There was not up to that time, and I assume there was none or they would not have sent that cable.

Then on page 78, exhibit 68, of May 20th, a cablegram from Troopers to Militia or Shell Committee. (Reads exhibit.)

That apparently is an answer to the cablegram of the 19th.

Hon. Mr. DUFF: Is that?

Mr. HELLMUTH: Why not?

Hon. Mr. DUFF: We have not got the cipher. Cannot you tell by reference, or would the cipher be the same? It is a very extraordinary answer, Mr. Hellmuth, if it is one.

Mr. HELLMUTH: No. This is “Your cipher of May 6th.” It is not an answer. This cablegram is in answer to one of the 6th.

Hon. Mr. DUFF: I can understand the suggestion that Colonel Carnegie read that in that way. That may probably be.

Mr. HELLMUTH: Yes, I am showing you that it is not. Then comes the reply. This is dated the 21st of May, 1915:—

“War Office,

London, Eng.

“Reference 4782 cipher A.2. We are obtaining drawings and specifications 85 fuse from Colonel Phipp’s, Bethlehem.

“Hope also secure drawings of gauges.

“Should like decision our cipher 394 nineteenth May before proceeding with fuse manufacture.

Brig.-General.

M. G. O.”

(Marked Exhibit 289.)

[C. Greville Harston.]



Now, if you turn to the one of the 19th of May that is asking about the very question of the fuses.

Hon. Mr. DUFF: Yes.

Mr. HELLMUTH: Then on page 81 there is exhibit 73, dated the 25th of May. (Reads exhibit). There is an answer to their question about quoting fuse 100.

At page 82, exhibit 74, dated May 25th. (Reads exhibit.)

Then on page 91, exhibit 78 of the 26th of May. (Reads exhibit).

Hon. Mr. DUFF: Is there anything in that except the encomium?

Mr. EWART: That is still referring to the difficulty of the 19th of May.

Hon. Mr. DUFF: There is all after the fair.

Mr. HELLMUTH: After the letters had been written.

Hon. Mr. DUFF: Yes.

Mr. EWART: It shows the uncertainty on the 19th.

Hon. Mr. DUFF: There is no doubt about the uncertainty. That is as obvious as it can be.

Mr. HELLMUTH: Then on page 92, exhibit 80, of May 27th. This shows plainly. (Reads exhibit.)

Then the next is on page 95, exhibit 83, of the 28th May. That was the one received on the 29th. This is the first answer from the War Department to our cable of the 19th of May. (Reads exhibit.)

Hon. Mr. DUFF: Obviously the first answer. That is the difficulty about it.

Mr. HELLMUTH: They do not answer it before.

Hon. Mr. DUFF: They do not; but in the meantime these letters were written of the 21st and the 25th.

Mr. HENDERSON: The matter is left open by the contracts.

Hon. Mr. DUFF: No, it is not. The question of the graze fuse and the time fuse is not left open. The whole point of this is the writing of these letters placing orders for time fuses before they had got anything at all changing the terms of the order of the 17th of April, which provided for graze fuses. It is perfectly apparent, as you say, Mr. Hellmuth, that Colonel Carnegie was under the impression—how produced it is rather difficult to make out from these telegrams—but under the impression unquestionably that the order was for time fuses for every kind of shell.

Mr. HELLMUTH: I do not think I made myself clear. He not only was under that impression, but on the 19th of May he put the War Office under that impression.

Hon. Mr. DUFF: The War Office reading that cable would naturally read it with the information in their minds that they had given specific directions as to the character of the fuses in their cable of the 17th of April.

Mr. HELLMUTH: They afterwards talked about the 80 over 44 for high explosive.

Hon. Mr. DUFF: Unquestionably.

Sir WILLIAM MEREDITH: Are we gaining much by these interim discussions? I suppose these matters will be fully discussed later on.

Mr. HELLMUTH: The other cablegrams do not advance us any further. That one on the 28th of May says definitely that it is the answer to the one of the 19th, for it begins, "With reference to your 394 cipher."

As far as I can find anywhere that is the entire correspondence, cable and letter, in regard to these fuses, to that date, the 28th.

Sir WILLIAM MEREDITH: Have you finished your examination?

Mr. HELLMUTH: Yes.

*By Mr. Johnston:*

Q. Colonel, there is a matter here that I would like you to explain, if you can give me the information. Take your mind back to the beginning of April, 1915,

when the question of ordering ammunition came up, that is, between the Shell Committee and the War Office. You remember the occasion?—A. Yes, sir; but of course I was not there very much, I was so busy that I only heard of it incidentally.

Q. Quite so; but I am only locating the occasion for you so your mind will be carried back to the point. At that time what do you say about the probability or possibility of these matters being made in Canada?—A. At that time?

Q. Yes.—A. I thought they could not be made.

Q. When did you change your opinion, if it ever was changed, that they might be made in Canada?—A. When I say that I do not mean that they could never be made, but I thought they could not be made in the time required. I have not changed my opinion yet.

Q. When did you make up your mind or consider that fixed ammunition could be made in Canada, that is, within a reasonable time?—A. With regard to time fuses, I have not changed it yet.

Q. You think they cannot be made in Canada yet?—A. They can in time; a long time though.

Q. What length of time?—A. Give them a year from the time they start.

Q. Is that by reason of the fact that they have not the plant and machinery?—A. Partly, or the experience.

Q. What about the Russell Motor Company, what are they doing?—A. I do not know if they have made any yet.

Q. You do not know that?—A. Yes.

Q. So you cannot say absolutely if they cannot be made in Canada if you do not know?—A. Yes, I do, because I know they have not got the men skilled in the making of the composition and rings. I do not know if the Russell Company have acquired them, but I have not heard of their making any time fuses yet.

Q. You have not been to their factory of course?—A. No, I have not had anything to do with it since January.

Q. The reason I am asking you to refer your mind to the month of April is that I find this statement here. "The experience gained during the past six months enabled factories"—that is Canadian factories—"to reduce cost and Colonel Bertram is satisfied that if four or five million additional shells are ordered by the War Office, price can be considerably reduced and made satisfactory. Colonel Bertram also states that order for first two hundred shells was completed one month in advance time stipulated. One hundred forty-six factories in all now engaged." Do you agree with that statement?—A. Yes.

Q. That is, that Canadian factories are capable of turning out forty thousand, possibly fifty thousand, high explosive 18-pounder shells per day?—A. Yes, sir.

Q. You agree with that?—A. Yes.

Q. Fuses and all?—A. No, sir.

Q. You eliminate the fuses?—A. Yes, sir.

Q. Now, the question is asked, "What does that have reference to—shells without the fuses?" "No, with the fuses." With the fuses?—A. No, sir, the fuse is a separate thing.

Q. No, I am speaking about the proposition that was made in that letter or cablegram of forty or fifty thousand high explosive shells, and that they could be made by Canadian factories. "That Colonel Bertram is satisfied that if four or five million additional shells" and so on, and then the question comes whether that means with or without fuses, and we are told with fuses.—A. I did not understand it so.

Q. Do you agree with that if it is so?—A. No.

Q. That was about the beginning of April. Then about the middle of April do you agree with this. This is from Militia, "My Committee prepared to undertake 4 to 5 million additional 18-pounder shrapnel and 18-pounder high explosive complete ammunition with fuse to be divided as you think proper." I am leaving out the prices.

[C. Greville Harston.]

What do you say about that, do you think that was capable of being done?—A. Yes, sir.

Q. How were you going to make the fuses according to your theory?—A. They were going to get them made in the United States.

Q. You think that is what it means?—A. I do.

Q. Although, it was said seven days before that they could be made in Canada, which of course you do not agree with?—A. The discussion then was that they should move their factories over to Canada.

Q. That never was done?—A. No.

Q. And that is the way the fuses would be made in Canada you say?—A. Yes.

Q. You do not think we have the same expert mechanics as they have in the United States?—A. Not for fuses.

Q. I mean that.—A. There are very few in the United States.

Q. Then the deliveries were to run, July 150,000, August 400,000, and all that?—A. It could not be done with fuses.

Q. Were these factories equipped with gauges for manufacturing these articles at that time?—A. For the shell cases, yes; not the fuses.

Q. Now, I didn't understand that you were a manufacturer of any of these articles?—A. I have done something in that way.

Q. We have all done a little in that way, you know. You know what I mean, I suppose? Are you a manufacturer of fuses or have you the ability or knowledge to manufacture fuses yourself?—A. The War Office had me at Woolwich working on a centrifugal time fuse; I suppose they thought I was capable of doing it.

Q. What do you say yourself now?—A. I wouldn't undertake it now, just at present.

Q. There have been considerable changes in the manufacture and character of the fuses since the date you worked on it?—A. Yes.

Hon. Mr. DUFF: The War Office had you working on the production?—A. A new design of centrifugal time fuse they wanted to get out in '89.

Mr. JOHNSTON: You were not actually manufacturing the article?—A. I have worked on the lathe a good deal.

Q. I am speaking of fuses?—A. Not that fuse.

Q. You never worked on a lathe or any machinery to produce this particular fuse?—A. No.

Q. Or any of these fuses?—A. No, they are new to me.

Q. That is what I supposed. I thought your line was more in horses, dealing in horses?—A. I am fond of a horse.

Q. In dealing and buying for the army?—A. Never dealt in horses in my life.

Q. Not personally, for the Militia?—A. Never, no.

Q. If you don't know the manufacture or making of these fuses particularly, what do you know about the cost?—A. The cost would take some time to estimate.

Q. Did you estimate it while on that Committee?—A. I did not.

Q. How do you know then whether the offers were dear or cheap?—A. I didn't care what they were.

Q. You were willing to take them at any price?—A. As long as the Committee—they had undertaken to provide fixed ammunition for Woolwich at a certain price—I didn't care as long as we got the ammunition.

Q. You didn't care whether they paid \$3.00?—A. Not a bit.

Q. You did care whether—?—A. My job was to inspect it.

Q. If there was a loss, who was to bear that?—A. The contractors would bear it.

Q. Is that honestly your reading of the contract?—A. Yes, sir.

Q. Bring your mind to the time it was made, now; at the time these contracts were entered into with these four gentlemen, members of the Shell Committee, your reading of the contract was: if you make a loss, you have to pay that loss?—A. Yes.

Q. General Bertram and the others?—A. Yes.

Q. And if there was a profit made?—A. Certainly. I said to General Bertram, "You are very generous in making this profit and handing it back."

Q. There was no profit made at that time?—A. No.

Q. At the time this arrangement was entered into, your idea was that if there was any loss, these four manufacturing members of the Shell Committee would suffer the loss?—A. Yes.

Q. And if there was a profit at that time, what about that?—A. It was theirs.

Q. Now, when did you first hear of any profit being handed back to the Office?—A. I think that was about—it was in the winter, the first I heard of their making a profit.

Q. There have been two winters?—A. The first winter.

Q. 1814 or—

Mr. HENDERSON: 1914.

Mr. JOHNSTON: Yes. The winter of 1914-15?—A. Yes.

Q. From whom did you hear that?—A. General Bertram.

Q. And that came up by some talk of giving it to the Patriotic Fund?—A. Yes.

Q. And General Hughes thought it would be well to give it back to the War Office?—A. Yes.

Q. Do you know, as a member of the Shell Committee, if it was given back, or was ever capable of being given back?—A. I had nothing to do with the financial end.

Q. Who had to do with that, Mr. Riddell?—A. Yes.

Q. Is he also a colonel?—A. I couldn't tell you.

Q. Mr. Riddell at any rate. Then I suppose I am safe in saying that the work of the Committee, that is the great portion of the work, the routine and the details, were all done by Colonel Carnegie?—A. Certainly, and General Bertram.

Q. I am speaking about who did most of the work?—A. I don't know which did the most, they did it together.

Q. They did it together. The other members of the Committee met occasionally and had reports laid before them?—A. Yes.

Q. When you attended the meetings there, was there more than just simply the reports and the correspondence read, or what was done at your meetings?—A. The Shell Committee meetings?

Q. Yes.—A. They talked over matters generally, and General Bertram and Colonel Carnegie generally told us what had taken place, what orders they had given were all written down and laid on the table to look at if we had time. I had not time to look at very many.

Q. Had you time to go to many meetings?—A. No, not very many.

Mr. HELLMUTH: He is wrong there.

Mr. JOHNSTON: Q. You were not to many Committee meetings whether they were there or not?—A. I went to as many as I could, I don't know how many. Whenever I could possibly get away from the work I would go.

Q. Were you there when the five million fuse order came up?—A. I was.

Q. What discussion took place at that meeting as to price?—A. As to price?

Q. Yes.—A. When it was let do you mean?

Q. Yes?—A. We were informed that they had got the price down from \$4.90 to \$4.50, and it seemed to be a good thing that they had done so.

Q. Were the contracts then let?—A. The contracts were read to us.

Q. They had been closed I suppose at that time?—A. No, they were not signed.

Q. Had they been entered into, verbally arranged?—A. Possibly so.

Q. Then on the 19th of June I believe they were signed?—A. I didn't see them signed, I heard them read.

[C. Greville Harston.]

Q. At that meeting when they were signed you were present, and they discussed the terms and got them down to \$4.50?—A. I was, sir.

Q. Did you understand who had been handling these contracts on the other side?—A. I knew that Colonel Carnegie and General Bertram had been to the United States and had been over a great many factories, and had made inquiries.

Q. That would be part of their report to the meeting?—A. Yes, verbal report.

Q. Did you know that Colonel Allison had a hand in the making of the contracts?—A. No, sir.

Q. When did you first hear his name in connection with this matter?—A. I heard at one meeting that Colonel Allison was trying to get some manufacturers together to meet General Bertram and Colonel Carnegie.

Q. Is that before or after the contracts were signed?—A. Long before.

Q. Could you tell about the month when this took place?—A. No.

Q. A month or two months before the contract was signed?—A. Fully, I should think.

Q. And what was said with reference to Colonel Allison's connection with it? What had he to do with it?—A. That the prices were high, and that they had been offered—it was when the price was \$4.90 or \$5.00—and that he had been trying to get some manufacturers together who would make it for less. That is what I understood.

Q. Were there any names given at that time?—A. I don't remember.

Q. Do you know in whose interests he was acting at the time or with whom he was in touch?—A. I understood that he was trying to find some men who would do it.

Q. He would not be doing it on his own responsibility?—A. I understood so.

Q. Was he acting for the Shell Committee?—A. I thought he was acting just out of good feeling.

Q. You didn't know what that good feeling eventually resulted in?—A. No.

Q. Until the other day.—A. No.

Q. Was that the first you heard of commission?—A. Yes. I looked on it as a business transaction, I didn't see any harm in it.

Q. No, and I might go further, to get your mental attitude towards this matter, and say that you approved of the commission paid to these people as far as you were concerned?—A. I don't look at it in that way. A man makes a contract and gets a certain profit, so long as we get the goods we bargain for.

Q. It wouldn't make any difference in your mind that if these people had not been getting this large commission the goods would have been got cheaper? That didn't occur to you?—A. I wouldn't have liked to take a contract any cheaper.

Q. However, that didn't occur to you at the time, or now? Now, you said something about the Canadian General Electric Company refusing a proposition to them at cost plus five per cent was it?—A. I don't remember what the plus was; it was cost plus something.

Q. And their objection was that they would have to invest a large amount of money in plant to make the articles?—A. I didn't hear what the objection was, I know they turned it down.

Q. You know that was the objection made by some of these people, and was an argument used for the higher price in the first place?—A. I know they refused.

Q. Did you inquire what the objection was?—A. No.

Q. Were you not sufficiently interested to inquire why a Canadian company turned down a war contract?—A. Colonel Carnegie and General Bertram were handling that, and I knew they were anxious to get them made in Canada.

Q. We admit all that, but were you not anxious enough to inquire why they turned it down, when it came before the Board?—A. I was too busy.

Q. You were very busy at the Board Meeting?—A. Yes, sir, very rushed.

Q. Was there any other company named at any of these Board Meetings or Committee Meetings?—A. No, I don't remember.

Q. That is the only one?—A. I don't remember.

- Q. Now, do you know, are gauges a hard thing to make?—A. Very.
- Q. Difficult?—A. Very.
- Q. As difficult as a fuse itself?—A. Quite.
- Q. I don't know anything about it, I am asking you for information. Do you know that they are made in Canada?—A. Some gauges are.
- Q. Did you know that a man named Sherlock has made a lot?—A. We have had a great many gauges made in Canada.
- Q. When did you begin to get gauges made in Canada?—A. We couldn't get anybody to tackle them until something like a year after the work began.
- Q. That would be the summer or fall of 1915?—A. Yes.
- Q. Yes, the summer or fall of 1915, and then you got quite a number to make them?—A. Yes, certain gauges.
- Q. What kind of gauges did you get made?—A. Some eighteen-pounder high explosive gauges, some four point five gauges and some shrapnel gauges.
- Q. Did you get any other kind of gauges?—A. We might have got some case gauges.
- Q. Any fuse gauges?—A. No.
- Q. Do you know that Sherlock has made and sold fuse gauges?—A. No, never heard of it.
- Q. Do you know Mr. Sherlock?—A. No, sir. Where is he?
- Q. Toronto?—A. I don't know him.
- Q. Do you know any reason why he could not make them?—A. If he has good men he could.
- Q. Is there any question about making them in Canada?—A. No, we make gauges.
- Q. Any more than fuses—A. Yes, there is.
- Q. You make fuses yourselves, don't you?—A. No, we make gauges.
- Q. You spoke about the Edward Valve Company. Did you know of the contract with the Edward Valve Company?—A. I heard a discussion to the effect that they, the Committee agreed to take a certain number of cases if delivered before a certain time, but that the manufacturers had fallen down over it.
- Q. At a certain price?—A. At a certain price.
- Q. Delivered within a certain time?—A. Yes.
- Q. Do you know whether that contract was ever carried out—as far as you know?—A. As far as I know, up to the time I handled it we had no return from them.
- Q. You did not seem to have very much faith in their agent or representative?—A. No, I had not.
- Q. Was he the only man you saw in connection with the Edward Valve Company?—A. I saw two of them.
- Q. Both alike, both about the same type of man?—A. One was a lawyer.
- Q. Worse still. You did not take any stock in their proportions?—A. No, sir, I did not think they could do it.
- Q. I suppose you as a member of the Shell Committee know when the Shell Committee disbanded or ceased to operate?—A. I have not heard of it.
- Q. You think the Shell Committee is still going?—A. I was put in orders on the Shell Committee, and I have not seen any order cancelling it.
- Q. You were putting in orders when?—A. I say I was put in orders.
- Q. Do you mean to say that in your opinion now the Shell Committee is still going on, a vital body?—A. In my opinion now I am still a member of the Shell Committee.
- Q. You were not one of those we heard about as being buried?—A. No, sir.
- Q. Do you attend any meetings now of the Shell Committee?—A. Not unless I am called.
- Q. But do you attend any meetings of the Shell Committee?—A. I have not been to a meeting for a long time.

[C. Greville Harston.]

Q. Do you know that the work of the Shell Committee, with other work is being done by the Imperial Munitions Board?—A. I talked the whole thing out with Mr. Hichens.

Q. But you know that is the fact?—A. Yes.

Q. And from some time last autumn until the present time the work you used to do is being done, along with other work perhaps, under the Imperial Munitions Board?—A. Yes.

Q. Do you attend any meetings of that Board?—A. No, sir. I do not belong to it.

Q. Do you know why a change was made?—A. No, sir, I won't say I do not, because Mr. Hichens told me that he considered it more of an administrative matter now, the technical part being got over, and there was no longer any necessity of the same technical men. We were put on there as a technical body.

Q. Who were put on as technical men; was Colonel Lafferty one of them?—A. Yes, sir, Colonel Lafferty, General Benson and myself.

Q. Do you know why the other four were not put on; were the whole four put on the new Board, the manufacturers?—A. I am not talking of the new Board. I thought you were speaking about the Shell Committee.

Q. I am speaking about the Shell Committee being practically at an end; at any rate, do you know who are on the Imperial Munitions Board to-day?—A. I know some of them.

Q. How many of these four manufacturers are on?—A. I believe two, but I am not sure.

Q. That would be General Bertram and Colonel Carnegie?—A. Yes, sir.

Mr. CARVELL: Colonel Carnegie is not a manufacturer?—A. Not in Canada. He is one of the ablest steel men you can find.

Mr. JOHNSTON: Whatever he is, he is on the Board anyway?—A. Yes, sir.

Q. The others who were on the Shell Committee are not attached in any way to the Imperial Munitions Board?—A. No, sir. General Bertram is.

Q. I said General Bertram and Colonel Carnegie?—A. Yes.

Q. But the others, I mean?—A. Yes, sir.

Q. Three of you, and the two manufacturers, three military men and the other two; did I understand you to say that you talked about the probable loss and so on in regard to these contracts that were entered into, it would be along in October of 1914, the first contracts we heard about, that as to these contracts there was no ultimate loss as it turned out?—A. I believe not.

Q. There was no ultimate loss in any of these contracts that were entered into by the four contractors of the old Shell Committee, as far as you know?—A. Not as far as the whole Committee went, but I believe one of them lost on his contract.

Q. Which one was that?—A. Should I disclose that? I am thinking of the company he worked for.

Q. I am not asking you the amount of the loss. It might have been \$100?—A. I rather think the Allis-Chalmers people could not make any money on their first contract.

Q. They don't mind a remark like that made about them; they are a pretty big concern, or were; you know them?—A. Yes, I know them.

Q. They are now in with the Colonel Nicolls crowd—if I may use the word?—A. They were then.

Q. So it was part of the General Electric Company, or the Canada Foundry Company?—A. Yes.

Q. Which was it, the Canada Foundry Company or the General Electric Company?—A. They are all one now.

Q. And it was with that combination that the Allis-Chalmers were in, and you say you think they lost on one contract?—A. I should think so, judging from the number we rejected on proof.

Q. That was what?—A. Shrapnel shells.

Q. And the loss resulted from the rejections on proof, you think?—A. Yes.

Q. Not by reason of the price?—A. Well, yes, it was, because if they had been paid more they could have made it up.

Q. If they had made better shells they could have made it up, too?—A. It was not better shells, it was the heat treatment they fell down on.

Q. There is one more matter I want to ask you about, Colonel Harston. Who did the final assembling of these articles of war, under the original contracts? Where was that done?—A. At the different makers. In the first contract I think there were thirteen of them. We did not inspect until the final assembling. We only inspected the final article. We had nothing to do with the inspection of the component parts until we got them in the finished articles.

Q. Were there thirteen or fifteen places?—A. As I remember, it was thirteen.

Q. Where the main final inspection of the article itself was made, whatever it was?—A. Yes, sir.

Q. What was it you found when you made your final inspection, what shape was the article in?—A. You must understand that out of every batch of shells 120 go through the heat treatment together.

Sir WILLIAM MEREDITH: You are speaking now of shells?—A. I am speaking of shells.

Q. Or of fuses?—A. Mr. Johnston is asking me about shells.

Mr. JOHNSTON: What I want is, the article as completed by any of the four manufacturers in their contracts with the War Office?—A. They had nothing to do with fuses.

Q. Take the article as completed by them for the War Office, which they undertook to get and sell at so much, they got part of the component parts made out of their own shop, in cases?—A. The Shell Committee got component parts made, and then the men who finished the shells assembled them.

Q. Who would be the men who finished the shells, these four manufacturers?—A. They and about ten others.

Q. Take General Bertram or Colonel Cantley, they both have large foundries, or manufacturing establishments?—A. Colonel Cantley made the forgings.

Q. Then take General Bertram?—A. He did not make any at all.

Q. He did not make anything at all?—A. No.

Q. Who else, Colonel Watts, did he make them?—A. Yes, at the Allis-Chalmers factory.

Q. Take Colonel Watts, when he was through his work and entitled to his money, what shape was the article in that he had contracted for; was it complete in every respect?—A. Complete, passed proof and passed inspection.

Mr. HELLMUTH: He means the Allis-Chalmers.

WITNESS: Yes. He was the manager.

Mr. JOHNSTON: What did he make, what was the completed article as turned out by him?—A. He turned and shaped the steel of the shell, and treated it to get it to a certain tensile strength, then he got the other parts and assembled them.

Q. He got the other parts from other makers and assembled them?—A. No, from the Shell Committee. They supplied them.

Q. The Shell Committee supplied to Colonel Watts or to Colonel Cantley, or whoever was making these articles?

Sir WILLIAM MEREDITH: You had better speak of the Company. That is the more accurate way.

Mr. JOHNSTON: The Bertram Company, then?—A. Yes.

Q. And the Nova Scotia Steel Company?—A. They only made forgings.

Q. I am trying to get back to the one who completed them. Take the Allis-Chalmers, what about them?—A. The Shell Committee would send them down so many tin cups, so many brass tubes, so many brass sockets and plugs, and so much copper for making copper bands, and so many forgings, and they would take the

[C. Greville Harston.]



forgings and turn them down, shape them and heat-treat them, and then we would distribute these out, and if they came out all right in tensile strength they assembled them, and then we fired one to see how it responded.

Q. Then the material parts, or the component parts were supplied by the Shell Committee?—A. Yes, sir.

Q. Who bought where they liked, or made them if they so desired, they could make them themselves, whichever they saw fit?—A. No. They bought them.

Q. But they could have made them if they had wanted to?—A. No. They were not makers of these parts.

Q. Did you know anything about the details of the transactions with the International Arms and Fuse Company and the American Ammunition Company?—A. No, sir, nothing outside of the contracts.

Q. You knew nothing outside of the contracts which you heard read upon the 19th of June, or whatever date it was?—A. Right.

Q. Had you any talk with anybody with reference to getting fuses or other articles made in the United States, yourself?—A. We often discussed it amongst ourselves, wishing we could get them made in Canada. That was our desire.

Q. What efforts did you make yourself towards getting them made in Canada?—A. Personally.

Q. Yes.—A. I made none. I hadn't time.

Q. I am not saying you had. That was not part of your business?—A. I hadn't the time.

Q. From your knowledge, can you tell me what efforts were made by Colonel Carnegie?—A. He told me he had been down to see the Peterboro plant, and he thought that with some slight additions they could make fuses. My recollection of it is that he had seen Colonel Nicolls and tried to get them to take this trial order with the War Office paying all expenses.

Q. Was there any other plant he spoke to you about?—A. Not he, but Colonel Lafferty told me he had seen a couple or three gentlemen in Montreal, and that he tried to persuade them.

Q. Did you know what plant that was?—A. One was the Northern Electric Company.

Q. Do you know the name of the other one?—A. No, I don't remember the name now. I know the one was the Northern Electric Company. I know Colonel Lafferty told me he tried to induce them to go into it, but could not.

Q. Anybody else?—A. No, sir, nobody else.

Q. Did anybody else of the Shell Committee talk to you about plants outside, amongst yourselves?—A. We had general discussion about it amongst ourselves.

Q. But naming the plants?—A. No.

Q. Was there any examination of plants outside of what you have told us?—A. I knew Colonel Carnegie had been all over the country examining plants. That was the first thing he did. He went all over Canada seeing different plants, and seeing what they were capable of, and I had thorough reliance in his judgment. He is an excellent mechanical engineer.

Q. You did begin the manufacture of shells all over Canada?—A. Yes, sir, and we had to teach them.

Q. It was that kind of thing that Colonel Carnegie was looking for when he was going about the country, the manufacture of shells?—A. It was.

Q. But as to fuses, do you know of any plant that had been examined or seen excepting those you have referred to?—A. I don't know the names of any. I know as I say that Colonel Carnegie had seen most of the machine companies, and he knows what people can turn out time fuses.

Sir WILLIAM MEREDITH: Any further questions?

*By Mr. Carvell:*

Q. You say that General Bertram's Company, or the John Bertram & Sons had no part of the first order for 18-pounder or 15-pounder shrapnel?—A. No, I did not. I said General Bertram. I did not say that the John Bertram Engineering Company had none.

Q. Is it the fact that the John Bertram & Sons Company—if that be the proper name of the company—had a part of the first order?—A. Yes, sir.

Q. Do you know whether the Electrical Steel and Metals Company of Welland had any portion of the first order?—A. Yes, sir. They made the 15-pounder shrapnels.

Q. At \$5 each?—A. I do not remember the price.

Q. Was any one of the four contracting members of this Committee a member of or connected with that company?—A. Yes, sir.

Q. Who was it?—A. Mr. E. Carnegie.

Q. Mr. E. Carnegie was the President, or the General Manager?—A. I cannot tell you, sir. He was connected with the company.

Q. You say that Colonel Cantley's Company, the Nova Scotia Steel Company furnished blanks and forgings?—A. Yes, sir.

Q. Did they furnish all the blanks and forgings?—A. No, sir. They were the first people who made the steel. They were the only ones who would go into it. Colonel Cantley tried to make steel, but fell down. He afterwards succeeded in making the steel. It is a difficult thing to do, and when he succeeded others followed him.

Q. Colonel Cantley did not say much about falling down?—A. He made the steel. He succeeded very well in making the steel.

Q. You spoke about the contract for these fuses. The way I have taken down your evidence is this, that you wanted them contracted for at \$4.90, and that you lost six weeks in delay?—A. I did not say I wanted them to contract. What I said was that I felt they should have contracted. I did not mention to them that I wanted them to. I was looking to the Woolwich end of it.

Q. Anyway, you would have been willing?—A. It had nothing to do with me if they paid \$5, as long as I got the fuses.

Q. You say you felt that they lost six weeks in dilly-dallying over this question of price?—A. They lost six weeks.

Q. Of course you know the contract was signed on the 19th of June?—A. Yes.

Q. Did you know that on the 26th of April (I think I am right) which would be better than six weeks prior to that, the Shell Committee had an offer to manufacture these shells at \$4.50?—A. No, sir.

Q. You never knew that?—A. No, sir.

Q. Was the fact never communicated to you that a company headed by Dr. Harris, on the 26th of April submitted a proposition to manufacture five million of these fuses at \$4.50 each?—A. I saw Dr. Harris with one of the Shell Committee, and heard him talking about experts a good deal, but I did not hear anything about price.

Q. You told my learned friend that you were present at a meeting of the Shell Committee when the giving of a contract to the Russell Motor Car Company was discussed, and my recollection is that it was the 17th of July, which was practically a month after the two contracts were given to the different American companies?—A. Yes, sir.

Q. On that occasion you state that General Pease gave it as his opinion that the Russell Motor Car Company should receive \$4 for the first quarter million and \$3 for the second quarter million, making an average of \$3.50 for the graze fuses; that is correct?—A. Yes, sir.

Q. And he also stated that he had investigated the matter in the United States and found that they could be made for \$2.90, loaded and tested?—A. I am not sure about the price. But he certainly gave us some information about the graze fuses. I think, as near as I can remember, that it was \$2.90, but I am not sure.

[C. Greville Harston.]

Q. In quoting the price, whatever it might be (and we will assume that it was \$2.90) did he mean that they could be furnished by a company in the ordinary way and leave a reasonable profit to the company furnishing them?—A. He was looking at it in the light of a purchaser, that he thought he could go there and buy them at that price.

Q. And that would naturally infer some profit left to the man who manufactured them?—A. Exactly.

Q. And the fair price or the purchasing price of those graze fuses on the 17th of July in the United States would be around \$2.90?—A. Yes, if you could get anybody to make them. But it was a pretty hard proposition.

Q. Did he say that anybody could make them?—A. No, he only found those facts when he was making inquiries about cost. He did not say that he could get anybody to make them.

Q. But that they could have been made?—A. Yes, they could have been made if he could get anybody to manufacture them.

Q. Did he tell you that a company headed by E. B. Cadwell had completed a War Office contract at \$2.90?—A. No, sir.

Q. He did not tell you that?—A. No, but I expect that was where he got his information.

*By Mr. Nesbitt:*

Q. The \$2.90 you speak of, do you know whether up to this hour any firm has produced at all to the War Office a loaded graze fuse?—A. No, sir. I have not heard of any being delivered yet.

Q. So that when you were talking about \$2.90 you were talking of an article that has never to this day been delivered to the War Office?—A. Not to my knowledge.

Q. It was merely a surmise of General Pease, that taking the unloaded graze fuse, that taking out what he thought the loading could be done at you should get the completed article at that price?—A. That was what I gathered.

Q. What is the point as to the difficulty in the fuse; is it in the component parts, or in the loading?—A. In the loading.

Q. So that although the British War Office with their years of experience behind them in doing the loading, if an unloaded fuse is handed to them they may do it very cheaply, but that same attempt being made on this side of the water, the experience might be a very costly experiment?—A. Yes.

Q. And lead to endless rejections?—A. Yes.

Q. Do you know that up to date the rejections of time fuses have been something enormous?—A. Up to the time I ran the inspection for the War Office we hadn't a single time fuse, up to January, and I understand there were more than 18,000 rejected.

Q. Not a single time fuse accepted up to the time you left on the first of January?—A. Yes, sir.

Q. Are there great difficulties in the graze fuses passing inspection?—A. There is difficulty. But the great difficulty is in the loading.

Q. Would you be prepared to place reliance upon the statement of a manufacturer that although he was prepared to make a contract for the unloaded fuses at \$2.40, he would not be prepared to undertake at the present time to supply a loaded fuse at less than \$4?—A. I believe he would be right, and I sympathize with him.

Q. On account of the chances of rejection?—A. Yes.

Mr. HELLMUTH: One question arising out of one of these examinations. I did not understand that you had answered a question put by my learned friend Mr. Johnston, when he asked you if you understood why the Shell Committee or the members of the Shell Committee had ceased to actively exist, when you answered that you had had a talk with Mr. Hichens. That was the first I had heard of that. Had you a discussion

with Mr. Hichens in regard to the matter?—A. Mr. Hichens is an old personal friend of mine and when he came out I saw him socially in his room and we talked over things, and I said that the work was hard, in fact more than one man could do, and he said, "Well I have a scheme to ease the work for you, and now that these men have learned to do the work we want to establish a branch of the Munitions Board out here and take over the whole thing." That is what he said.

Q. Now that they had taught them their work?—A. Yes, sir.

Q. That is, taught the manufacturers how to do it?—A. Yes, that we had taught the manufacturers how to do it, and now the Imperial Munitions Board had taken over everything in England and were going to take it over here.

Q. There had been a transference in the Old Country to the Imperial Munitions Board?—A. The Imperial Munitions Board proposed to make a transfer here of the Shell Committee.

Q. In the same way?—A. Yes, sir.

Hon. Mr. DUFF: Colonel Harston, did you hear anything of the change in the No. 100 graze fuse contract with the American Ammunition Company by which unloaded fuses were substituted for loaded fuses?—A. No, sir. I think that is since I gave it up.

Q. No, it was in August, September and October—it culminated in October?—A. That was generally.

Q. You heard nothing of that?—A. No, sir.

Q. Had you any provision for testing the graze fuses, that is, a fire test at Quebec?—A. No, sir. The graze fuses have to go over there for testing.

Q. You never had any provision there for testing?—A. No, sir.

Q. Briefly, what would that be?—A. I suppose we could try and do it.

Q. I do not mean to suggest that. But what would be the test; what is it you do in testing graze fuses, I mean in the fire test?—A. We fire it over a range of say about 5,000 yards at an object like a wire entanglement, and it should immediately explode with the slightest concussion when it strikes an obstruction like that.

Q. Is that the point in the firing test?—A. Yes, as far as the graze fuse is concerned.

Q. The point in the firing test is that it explodes upon very slight impact at an angle of three degrees, a very slight angle?—A. Yes.

Q. The suggestion was made (and I would like to hear what you have to say about it) that one of the risks of that test was the possibility of corruption of the persons having charge of it?—A. Corruption?

Q. Yes.—A. You mean that they could be bribed?

Q. I suppose that is what it means.—A. The only thing that I can say is, to have men you can rely on. I don't think you could bribe our men.

Q. Where are those tests carried out in England, in point of fact?—A. At Shoeburyness.

Q. You think you would not be afraid of that aspect of it, yourself?—A. No.

Q. During the Committee's time were any howitzer 4.5 shells shipped to the Old Country?—A. Yes, sir. We tested a lot of 4.5 shells for them, not with fuses.

Q. They were all equipped, I suppose, with the graze fuse?—A. No, sir. They were shipped dead, or empty.

Q. You did not ship any equipped with unloaded graze fuses?—A. No, sir.

Q. In your time?—A. No, sir.

Q. Were there any deliveries of unloaded graze fuses in your time?—A. No, sir, none.

Q. I think the first deliveries were in December?—A. About that time.

Q. But the shells were ready for shipment without fuses?—A. Yes, sir.

Sir WILLIAM MEREDITH: You have said that General Pease spoke of \$2.90 as a price in the United States, and you also said that he favoured letting a contract at the two rates that were mentioned; how did it come that if the fuses could be made in the

[C. Greville Harston.]

United States for \$2.90 he was willing to consent to what is said to be \$3.50 upon the average?—A. Of course when he mentioned that \$2.90 he was only estimating what he thought he could get them made at. But was anxious to meet the Committee, and get the fuses made in Canada, and for the sake of getting them made in Canada he was quite willing to agree that the price should be met. It was just for the sake of getting them made in Canada.

JOHN WILLIAM BORDEN, sworn, examined.

*By Mr. Hallmuth.*

Q. Mr. Borden, were you appointed to the Shell Committee?—A. Yes, sir.

Q. Can you tell me about what date?—A. I think it was about a year ago. I have not looked up the date. It is in the Militia orders.

Q. Who appointed you to the Shell Committee?—A. It was on General Hughes' instructions, I believe.

Q. April 27, 1915, I am told was the date. I see in the Minutes of a meeting of the Shell Committee held April 27th, the following: "The chairman reported that Mr. J. W. Borden had been added to the Committee by the Minister of Militia and Defence." So that would be the day. You apparently attended that meeting, because I see that at that meeting it was "Moved by Mr. J. W. Borden and seconded by Mr. E. Carnegie that Whereas Mr. D. Carnegie, Ordnance Adviser is going to the United States to look into the capabilities of the firms negotiating to make fuses,

"Be it resolved that upon his return and reporting favourably upon the ability of the firms to do the work the Chairman be authorized to proceed with a contract on the basis discussed," Do you remember being present at that meeting and moving that resolution?—A. I think I do have some indistinct recollection of making the motion, at the suggestion of somebody else.

Q. Under those circumstances it is going to be difficult to get from you what you know about the proposed contract or the basis of it?—A. I really do not now. I did not bother my head about the contract part.

Q. What were you bothering your head about, if anything?—A. In this way; I was there in a financial capacity. My particular work was to supply the Committee with funds, and to see that there was a proper accounting of those funds.

Q. May I take it this way—I do not want to put either the word or the idea into your head—may I take it that we can get very little information from you in reference to anything except generalizations in regard to fuse matters, that is, in regard to the letting of the contracts?—A. I really know nothing about the contracts. I hadn't time to attend to such work. You can understand that with my duties in the Department I could not devote very much time to the Shell Committee's work.

Q. To make it clear, so that we may understand it, what is your position in the Department?—A. I am Paymaster General of all the Overseas forces, and the Accountant of the Department.

Q. So that you consider that much at all events a sufficient amount of work to keep you reasonably busy?—A. More than enough.

Q. And therefore I may take it—I am coming to the financial part in a minute—that all I can expect to get from you is something of the financial side of the Committee's work?—A. That is it.

Q. As to the financial part, did you know how the finances were kept, did you look into that?—A. How the accounting was kept?

Q. Yes.—A. No. What I was particularly interested in was to see that some particular statement was rendered by the Shell Committee that the War Office would understand. We were obtaining these statements—I am speaking now as a departmental official of the Militia Department, but I was really, you might say, acting in two capacities. I was in the Accounting Department of the Department of Militia and Defence, and it was necessary to see that proper accounting of all the moneys

which went through that department to the Shell Committee was made. Further, I was interested in seeing that a proper account was rendered by the Shell Committee of the money advanced through the Militia Department.

Q. Did you know that there were what may be termed firm contracts between the four manufacturing members of the Committee and General Hughes representing the Secretary of War?—A. I knew there was a contract entered into, I think in respect of the first orders for shells which had been received.

Q. You knew there was a contract in regard to that, and a price named in the contract?—A. Yes.

Q. Did you know, or did you consider that the other orders were taken in the same way; I want to get at the basis of your accounting?—A. The basis of the accounting?

Sir WILLIAM MEREDITH: Wouldn't it be easier to ask how the accounts were kept?

WITNESS: It was simply this way. We asked the War Office for funds (when I say we, I mean the Department of Militia and Defence) through the High Commissioner of Canada, and the funds were transmitted in the first instance, a few millions were sent out or were provided in some way by the War Office. Those we turned over to the Shell Committee as advanced, as fast as they wanted them.

Q. Was the whole of the money turned over to the Shell Committee?—A. As fast as they wanted it.

Sir WILLIAM MEREDITH: What account did he open?

Mr. HELLMUTH: How did you open the account?—A. Just simply an account with the Shell Committee showing these advances.

Sir WILLIAM MEREDITH: No, but the account with the War Office; to that account did you credit the moneys that were sent by the War Office?—A. We had really nothing to do with that; we got them through the Finance Department, a rather round-about way.

Q. That was the usual way?—A. Yes. I may say it was rather a round-about way in which the funds reached the Shell Committee; they were supposed to come from the War Office to the Finance Department and from the Finance Department to the Militia Department, and from the Militia Department to the Shell Committee. I suggested, and it was carried out eventually, that these funds should be given by the Finance Department direct to the Shell Committee without passing through the Militia Department. I could not see any reason why they should pass through the Militia Department.

Mr. HELLMUTH: At all events they did pass through the Militia Department at first?—A. Yes.

Q. As soon as the Militia Department received any funds from the Finance Department they did not at once send them on to the Shell Committee, but as the Shell Committee required moneys they handed them over?—A. Yes.

Q. On the request of the Shell Committee?—A. On application of the Shell Committee; it was very often by telephone; it was simply on their application.

Q. It was not on an application for one million two hundred thousand dollars on contract A, but it was "Let us have a million or two million dollars", without saying what it was for?—A. Yes, we want a million or two millions, as the case might be.

Q. Did the Shell Committee account to you in any way for the use of these moneys?—A. They accounted by a statement showing in the first place the number of shells which had been shipped, in the second place a statement showing what had been expended on component parts purchased, inspection work—it was rather a summary, it was not a detailed statement, it was rather a summary of the expenses which their books showed.

Q. Did they, take for instance the two hundred thousand shrapnel, 18-pr., and [John William Borden.]

the two hundred thousand shrapnel 15-pr., did they say one hundred thousand of these shipped at \$8.55 amounting to so and so; did they do it in that way?—  
A. That is it.

Q. Have you got any of those?—A. I have not; all the statements were handed back to the new commission.

Q. The Imperial Munitions Board?—A. Yes, sir.

Q. Mr. Flavelle can bring those?—A. And I presume were transmitted to the War Office.

Q. But as a matter of fact—you see you give me two ways—what difference would it be to you or in your accounting department what the Shell Committee may have paid for component parts if they simply charged up the complete shell at \$8.55, or whatever the price was they had fixed with the War Office?—A. As far as I could see that did not make any difference; of course there would be a final adjustment of accounts, and I presume it would be on the basis on the one hand the money that had been advanced by the War Office, in the second place on the other side the number of shells that had been received by the War Office.

Q. At the prices?—A. At the prices fixed.

Q. It would be immaterial in that way—I am putting this to you—whether the component parts had exceeded or been under the amount quoted, because the War Office had a fixed price?—A. Yes.

Q. Did you appreciate that?—A. I appreciated that, but at the same time it occurred to me that the War Office would like to see how the money which they had sent had been expended; for instance I might say that this matter was brought up in the early stages and the situation was this, that the Shell had got about ten or twelve million dollars, they had shipped about five or six million dollars worth of shells, therefore there was a difference of some five or six millions. The War Office would naturally want to know “Well, what have you done with the five or six millions?” So these were what we might term interim statements.

Q. Is this a fair way of putting it so far as you were concerned; in order that the War Office might not have a mere bald statement these shells were, to take an illustration, quoted at \$8.55, and that is what we have to pay for them?—A. Yes.

Q. And you were prepared to send them the sub-contractors contract so as to show what the Committee had actually to pay out for them?—A. It was the money expended, it was not really, it did not show in detail what was paid to each contractor, but it was so much for the various component parts, a sort of summary.

Q. But as I understand it there were a lot of component parts got, I won't say on speculation, but they were not necessarily used in any particular order, not for that particular order—was not that so?—A. That was so.

Q. And you really were transmitting to the War Office or handing over to them in some way the particulars of these various orders to show how the Shell Committee had been using up the money?—A. Yes, not particulars of the various orders, but as rather a summary of what had been expended.

Q. The actual moneys that had been expended?—A. Yes; for instance for the purchase of material.

Q. You are referring prior to the time you went upon the Board?—A. I am referring to the time after I went on the Board.

Q. You knew nothing about it before?—A. Nothing about it before.

Q. You had not made up any statement?—A. No.

Sir WILLIAM MEREDITH: Did these advances begin after—

Mr. HELLMUTH: Had the advances commenced before you went on the Board?—A. Certainly; as I was explaining I was in two capacities; I was always a member of the Militia Department and as such I had to advance the Shell Committee these funds both before I was a member of the Shell Committee and after.

Sir WILLIAM MEREDITH: From the beginning this was the way the thing was done.

Mr. HELLMUTH: From the beginning before you were a member of the Shell Committee and while you were making these advances to the Shell Committee were you getting returns from them?—A. I did not get returns of course until some three or four months; the first return I think came in three or four months after the committee was formed.

Q. The committee was formed in September, so the first return would come in about January?—A. Yes, something like that.

Q. And that was before you were a member of the Shell Committee?—A. Yes.

Q. Were you sending those returns on?—A. No, we never sent the returns, at least I never sent the returns to the War Office; I held them until the change occurred, and then they were handed back to the new Board.

Q. You never did send them to the War Office?—A. No.

Q. They were then handed to the Imperial Munitions Board when they came in?—A. Yes.

Q. Did you understand the position of the contractor?—A. I did understand that it was an agreement to contract in the first instance, but it was a question whether, I remember it was a question whether the Shell Committee were contractors or simply agents later on. I think there was a contract for the first two or three hundred thousand shells, and four members of the committee, I believe, or the original committee, signed that contract. Later on orders came for large quantities of ammunition. There was no contract made for those, my recollection is.

Q. Were you not aware that in July the War Office asked for the contracts to come forward for all the orders that had been given up to that date?—A. No, I did not know that.

Q. Did you ever have any discussion in regard to what would happen if the munitions were obtained below the figures that had been quoted to the War Office?—A. Privately with General Bertram I remember of a conversation.

Q. What was that?—A. He showed me privately, a statement which he had made showing I think about, if I remember correctly there were about 12 or 15 millions of a margin.

Q. When would that be, what time of the year would that be?—A. Of course that would be rather early in the history of the—

Q. Was that at or about the time you came in to the Shell Committee?—A. No, it would be I think some four or five months after, I really forget, I could not tell you the date; at all events he showed me this statement and I think I asked him what was to be done, and he said that the funds really belonged to the British Government. What I said was that I thought as contractors it belonged to them.

Q. You said that?—A. Yes, and if it was going to be handed back to the British Government it should be handed back, these margins in a formal way; that is, the whole amount should be drawn and should be handed back.

Q. That is the contractors should draw out the full amount?—A. Yes, and hand it back in a formal way.

Q. That was your suggestion?—A. Yes, in order that the British Government might be impressed with what the Shell Committee had done.

Q. That is what you said to them?—A. That is what I suggested.

Q. Have you been acting since the Imperial Munitions Board came in?—A. No.

Q. You cannot tell me anything about what was done at the time after they took charge?—A. Nothing at all.

Q. Did you know that everything in the way of moneys to the credit of the Shell Committee was transferred to the Imperial Munitions Board?—A. My recollection is that there was nothing to transfer; the Shell Committee used up all the money, they had bills to use up all the money that had been advanced through the Militia Department. Then we squared off accounts; nothing further to do with them.

Q. You cannot tell me at all how these contracts came out, I suppose, and what since then has been done, if we can go into it at all—you cannot tell me anyway?—A. I could not tell you.

[John William Borden.]



Q. Mr. Flavelle might be able to tell that?—A. Yes.

Q. If it is admissible; I am not arguing the question of whether that would be admissible or not at present. (No answer.)

*By Mr. Johnston:*

Q. I suppose the whole matter from time to time stood as a matter of book-keeping?—A. Yes, as far as I was concerned.

Q. There was no lump sum at any particular time that you can fasten upon and say that has to be done with this, that or the other?—A. No, with the exception of the advances made to the fuse companies.

Q. You mean advances made to the manufacturers?—A. Yes.

Q. I am speaking about the general account?—A. Apart from that we could not earmark any particular advance.

Q. Therefore when it is talked about handing this, that or the other over to the manufacturers or War Office it means nothing at any particular moment because there is nothing to hand?—A. No, that is about it; it was simply the moneys which were advanced to the Shell Committee were moneys advanced by the British Government to the Shell Committee.

Q. And they were expended by the Shell Committee from time to time?—A. Yes.

Q. So that until the contracts are all completed and the last money paid nobody could tell from the books just how the accounts stood with the War Office at all?—A. No.

Q. And I suppose as a rule, like most of these matters, the Shell Committee did not have very much of a surplus in hand for any length of time?—A. No, they were always short, could not get money fast enough for them.

Q. The usual fate of public committees, usually short. With regard to the first entry that you made, or the entries that were made you were speaking about some of the earlier contracts, that was before your time?—A. Yes.

Q. I think that was along in October; did you know what disposition, from the practice that you had, was made of those individual contracts that my learned friend referred to?—A. No.

Q. Of the moneys?—A. No.

Q. Would not your books show the moneys paid in and moneys paid out on those contracts?—A. No, our books would show that is the departmental books would simply show—

Q. The Shell Committee's books?—A. I do not know anything about the Shell Committee's books, I never examined them.

Q. Who is the man who knows all about them?—A. The accountant of the Shell Committee.

Q. Mr. Riddell?—A. Mr. Riddell from the time he was there, but there was another; Mr. Riddell had another title, Financial Superintendent, or something, but besides him there was an accountant.

Q. Are they still there?—A. I think the accountant is still there.

Q. So they would be the two gentlemen, or either one of them to speak as to the method of making these entries, whatever they were?—A. Yes; and then in addition there was an auditor, a Mr. Hope I think, a chartered accountant.

Q. Then at the time that the Shell Committee handed over its papers and so on to the Imperial Munitions Board, did you go into the state of the account at that time at all?—A. No.

Q. Was there a statement made up at that time?—A. There was a statement, as I have been trying to explain, which was made for the benefit of the War Office, for their information.

Q. But was that in detail, or was it only lump sums?—A. That was a summary under various heads, so much for shells that had been shipped, so much for materials bought, so much for expenses of this kind and that, but no detailed statement.

Q. Of course it would be very difficult to give a detailed statement, because a lot of the material that was bought would only be subject to valuation, and it was entered at so much?—A. Yes.

*By Mr. Carvell:*

Q. When did you first learn of the existence of the contract for the first 200,000 shells?—A. I really could not give you any exact date.

Q. I appreciate that?—A. But I presume about the time the contract was given.

Q. It is dated 1st October?—A. Yes, something like that.

Q. Some time about that time?—A. Yes.

Q. Did you also know the second contract dated 20th October for shell boxes and shell cases?—A. I have not any distinct recollection, my time was taken up with other things; I was not bothering about shell business at all.

Q. I think you have already said that you had no knowledge of the signing of the contract dated 1st July covering all orders from the first order down to that date?—A. No; I could not have been present; I really do not know anything about it.

*By Mr. Nesbitt:*

Q. I merely wanted to ask you this, when you speak of nothing on hand to my friend Mr. Johnston would this be a fair statement, that the War Office had given a contract price say of \$8.55, and that what would be on hand therefore would be the difference between that price when shells were delivered and what those shells had cost, or been sub-contracted for?—A. Yes; the statement I think that General Bertram showed me was made up on that basis.

Q. That would be properly spoken of as on hand?—A. Yes, well, it would be on hand.

Q. Not in hand in the sense of money, but that difference would be coming?—A. Yes.

Q. Then these statements which you speak of in the early stages I gather from what you say that they would be what you would describe in the ordinary contracting business as progress estimates?—A. Yes, or interim statements of account.

Q. To be adjusted in the final?—A. To be adjusted finally.

Mr. JOHNSTON: I suppose they either had the money or material or something of that kind; the statement would show that they either had a certain sum of money or material in place of it, or debts due them, or something of that sort representing the amount?—A. The statement would show just what they had paid out for the material. Of course they kept large stocks of material on hand.

Q. A sort of balance sheet?—A. Yes.

Mr. HELLMUTH: I have a number of files that are more or less complete, and I think I might put in some of these now.

Hon. Mr. DUFF: Could one of the witnesses give us—it may take some little technical preparation—the volume of business that they were doing approximately in dollars in say the months of April and May during the time when these negotiations were on.

Mr. HELLMUTH: I will speak to Mr. Stewart.

Hon. Mr. DUFF: You may have to look at it from different points of view; for example, the amount of contracts they were giving, the amount of deliveries that were being made during the period, the amount of contracts actually in progress of execution during that time; say, take the months of April and May.

Mr. HELLMUTH: To get an idea of the volume of business going through.

Hon. Mr. DUFF: To get an idea of what these men were doing in a more concrete form.

Mr. HELLMUTH: Yes.

[John William Borden.]

During the course of the proceedings here certain exhibits and matters have been referred to, and I find some originals where only copies were put in, and a statement was made that they would like to see the originals, and I have tried to arrange them in files so far as I can; for instance, I have here what I would call the Northern Electric Co. file, perhaps not with everything in, because I may have omitted something, but with anything that is in addition and some originals.

Sir WILLIAM MEREDITH: It would be unfortunate if all this has to be dictated over again. If there are any there that are already in care ought to be taken, I should think, that instead of printing it again it should be referred to as exhibit so and so, page so and so.

Mr. HELLMUTH: Quite so.

Sir WILLIAM MEREDITH: So as to make it intelligible.

Mr. HELLMUTH: The first one is a letter of May 29th which is already in, and I am now putting in the original.

Mr. JOHNSTON: I do not think anybody is complaining about it not being the original; it is in, in its proper order.

Sir WILLIAM MEREDITH: What could be done is to substitute that for the copy.

Mr. JOHNSTON: I am not assuming that there is anything wrong.

Mr. EWART: I think we are all satisfied with the copy.

Mr. HELLMUTH: There was a statement made once or twice they would like to see the originals. This is May 29th.

Sir WILLIAM MEREDITH: What is said to be the original of that letter is produced; is everybody satisfied that the copy is an authentic copy of it.

Mr. JOHNSTON: I have not compared it. Substitute this one for the copy that is in, and re-mark it.

Mr. HELLMUTH: Very well.

Mr. GRANT: It is Exhibit 85.

(Original of Exhibit 85 filed with the copy and marked Exhibit 85.)

Mr. HELLMUTH: This is not in:—

May 31, 1915.

The Northern Electric Company,  
Montreal, Que.

"GENTLEMEN,—We are in receipt of your letter of the 29th inst., with reference to the No. 100 percussion fuse. We are informed by the War Office that this fuse may be made of steel if plated all over, either tinned or nickle. This should help you to come to some definite decision and we hope to have your firm quotation for this design of fuse.

Yours very truly,"

DC/O'N.

(Part of Exhibit 290.)

Mr. HELLMUTH: Then comes the answer, which is not in, with some pencil memo on it, evidently in Carnegie's own handwriting:—

MONTREAL, June 3, 1915.

"Shell Committee,  
Ottawa, Ont.

"Dear Sirs,—Replying to your letter of the 31st ultimo in reference to the No. 100 percussion fuse, we note that you have received information from the War Office to the effect that this fuse may be made of steel either tinned or nickled and I would ask if it would not be possible for you to furnish us with a sample and more definite information in regard to the requirements.

"From the information which you have furnished to us we feel confident that we can undertake the work, but it would require considerable rearrangement of our equipment and it would be almost impossible for us to study the matter intelligently unless we have more information in regard to when and in what quantities deliveries will be required as you will realize that it would take some time to get the work properly started.

"In regard to furnishing you with a firm quotation I am afraid that it will be absolutely necessary for us to have a sample as the information which we have at the present time is too indefinite to enable us to quote intelligently.

"If you think it advisable we would be very glad to go to Ottawa and discuss the matter with you, or if you can obtain a sample for us and furnish us with definite information in regard to quantities and dates of deliveries required we could with the information already on hand furnish you with a firm quotation.

Yours truly,

PAUL F. SISE,  
Vice-Pres. & Gen. Mngr."

PFS. NVC.  
(Part of Exhibit 290.)

Then on the side in pencil with the initials "D. C." is "Shall try and obtain sample. Don't come to Ottawa."

It is evidently instructions to the Secretary, because on June 5th this letter was written with the initials "D.C." to the Northern Electric Co.:-

June 5th, 1915.

"The Northern Electric Company, Ltd.,  
Montreal, Que.

GENTLEMEN,—We are in receipt of your letter of the 3rd inst, and with reference to the No. 100 fuse for which you are quoting, we are trying to obtain a sample and specification, after which we hope to be able to give you further information on the subject.

Yours very truly,"

DC/O'N  
(Part of Exhibit 290.)

Mr. HELLMUTH: Then there is nothing between that and July 21st. This is from the Northern Electric Co., to the Shell Committee:-

"MONTREAL, July 21, 1915.

"Shell Committee,  
"Stephens Building,  
"Ottawa, Ont.

"Dear Sirs,—

"Referring to the matter of the No. 100 percussion fuses, your Mr. Carnegie furnished the writer with a sample and blue-print of this fuse, and requested that we furnish you with a price on quantities from 250,000 to 2,000,000.

"We have made a careful examination of this fuse, and can quote you a price of \$3.25 each f.o.b. Montreal.

"We would expect to begin delivery at the rate of 2,000 per day seven months after receipt of order.

"The writer understands from Colonel Carnegie that you are not definitely authorized to purchase these fuses, and the above price therefore is based on existing conditions of the raw material market, and any material change in the market condition of raw material might affect our quotation and delivery date on the percussion fuses, therefore I would be glad if you would advise us as

[John William Borden.]

soon as you are in a position to place the business, so that we may have an opportunity to obtain definite options on the material required.

"Colonel Carnegie also requested price on the sample gaine attached to sample percussion fuse, and our quotation on this is covered in another letter of this date.

"Yours truly,

"PAUL F. SISE,

"Vice-President and General Manager."

PFS.NVC.

(Part of Exhibit 290.)

Mr. HELLMUTH: Then the last letter is an acknowledgement of that of July 23:—

"July 23, 1915.

"The Northern Electric Company, Ltd.,  
Montreal, Que.

"Gentlemen,—

"We are in receipt of your letter of the 21st inst., and note your quotation for No. 100 fuses. We shall have pleasure in referring to this matter when we receive further orders.

"Yours truly,

DC/FB.

(Part of Exhibit 290.)

Mr. HELLMUTH: You see, really three days before the letter of the 21st was written they had closed with the Russell people at an average price of \$3.50.

The Commission adjourned at 1 p.m. to 2.30 p.m.

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#### AFTERNOON SESSION.

OTTAWA, Tuesday, May 16, 1916, 2.30 p.m.

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth.

Mr. HELLMUTH: I will call Mr. Flavelle.

Sir WILLIAM MEREDITH: I thought you had not finished putting in the documents.

Mr. HELLMUTH: The documents are not absolutely necessary to go in at the moment, and as Mr. Flavelle is here I thought I might as well call him.

JOSEPH WESLEY FLAVELLE, sworn and examined.

*By Mr. Hellmuth:*

Q. Mr. Flavelle, you are Chairman of the Imperial Munitions Board, are you not?—A. Yes.

Q. Can you tell me about when you were appointed?—A. Either the last day or two in November or the first day in December, I am not quite clear which.

Q. Of 1915?—A. 1915.

Q. And all the work of the Shell Committee was passed over to the Imperial Munitions Board, was it not?—A. Yes.

Q. Since then you and the Board have had charge of the various munition supplies for the Imperial Government?—A. Yes.

Q. So far as Canada is concerned?—A. Yes.

Q. You found certain contracts in regard to fuses when you took over the work, did you not?—A. Yes.

Q. One was with the International Arms and Fuse Company?—A. Yes.

Q. For time fuses entirely?—A. Yes.

Q. Now, will you tell me what was the first connection of your Board in regard to that?—A. I am afraid I cannot indicate what may have been the first connection. There was a continuous pressure to secure deliveries.

Q. Then may I ask whether, when you took it over yourself, there was any delay or default in deliveries according to the contract that had been made on the 19th of June?—A. Yes.

Q. Did you personally look into that contract of the 19th of June?—A. No.

Q. You did not?—A. No.

Q. I mean after you took it over did you look into it to see within what time deliveries were to be made?—A. Yes.

Q. And did you look into the correspondence which had taken place between the company and the Shell Committee in regard to delivery?—A. I do not think I did. Mr. Gordon took over the question of fuses and gave attention to the details, and I learned largely from him the situation.

Q. I see. You still keeping in touch with the situation generally, I presume, Mr. Flavelle?—A. Clearly.

Q. Then do you remember what action was first of all taken by the Imperial Munitions Board in regard to this delay?—A. Mr. Gordon visited New York and saw the principals.

Q. Yes.—A. Pressing upon them to give him a statement as to when the deliveries would be made.

Q. And when he came back did he report that to you?—A. Yes.

Q. Had he received at that time any statement from them as to when deliveries could be made?—A. Nothing more than in general terms that they were doing all they could, and would give deliveries as soon as possible.

Q. Did Mr. Gordon express any opinion of his own as to whether that assertion that they were doing all they could was a correct one?—A. Well, I think his judgment was that the method of doing was not very good.

Q. Method?—A. Their intentions evidently were good, but their methods were not good.

Q. Did he indicate in what way their method was not good?—A. He thought the administration was faulty.

Q. As a result of that interview of Mr. Gordon's with the principals was there anything done in order to improve the administration?—A. I cannot answer from the standpoint of the company. As far as we were concerned, Mr. Gordon's first visit was succeeded by many visits.

Sir WILLIAM MEREDITH: Perhaps you would ask him what he means by administration.

Mr. HELLMUTH: What do you mean by administration?—A. Business management.

Q. Did he particularize at all in what respect the business management was faulty?—A. He thought that they did not handle the contracts with the business judgment and administrative capacity whereby the results would be secured. He thought they were not manufacturers and did not handle it as a manufacturer would handle it.

Q. When you say "did not handle the contracts" do you mean the contracts they had let, or the contract which they had with the Shell Committee?—A. The only view we had was the contract as effecting deliveries to the Board.

Q. So he was not speaking, as you understood it, of their sub-contracts with the sub-contractors?—A. I think he thought of both, sir.

Sir WILLIAM MEREDITH: Mr. Hellmuth, my brother Duff suggests, and I agree with him, that if you are going to call Mr. Gordon we can get this at hand from him and it would not be repeated.

[Joseph Wesley Flavelle.]

Mr. HELLMUTH: I had not intended to, but one witness leads to another. I suppose now I will have to call Mr. Gordon.

Sir WILLIAM MEREDITH: If so it is not worth while to pursue that.

Mr. HELLMUTH: No, I will not go on with that.

WITNESS: If I may suggest, I think if Mr. Gordon were examined in relation to these contracts it would be wiser than examining me, because Mr. Gordon has given almost exclusive attention to them for the last four months.

Mr. HELLMUTH: Then I won't press you to tell me what Mr. Gordon told you, but I do want to get what the result was. Was any arrangement come to between the International Arms and Fuse Company and the Imperial Munitions Board in regard to deliveries for the future?—A. Still under advisement.

Q. It is not yet concluded?—A. Not yet.

Q. Is it not a fact that you are now receiving from the International Arms and Fuse Company and accepting deliveries of fuses?—A. Yes.

Q. So that although an arrangement is under advisement, you say, you have not cancelled the contract?—A. No.

Q. And some acceptances are being made. Are those being made without prejudice or how, or has anything been done in that way?—A. I think they are without prejudice to the existing situation as far as I know.

Q. I mean to say, putting it directly, do you know whether the company have agreed to make deliveries without prejudice to your right to cancel?—A. I cannot answer that. Mr. Gordon will answer that.

Q. At all events you have nothing on record in that way in the files of the Imperial Munitions Board?—A. No. Practically an agreement has been reached, but it has not yet been consummated formally in writing.

Q. Perhaps you can tell me, Mr. Flavelle, what the terms are?—A. I think again I would ask you to get that from Mr. Gordon. He is intimate with the details of it.

Q. All right. We will have Mr. Gordon on that. I suppose Mr. Gordon would be better in that respect than yourself to tell us in regard to what deliveries have been actually made in number, and what number of lots of fuses have passed the gun proof test?—A. Much better.

Q. Then we can get that from him. Now, in regard to the American Ammunition Company, is Mr. Gordon again the gentleman who can tell us in regard to what has been done there?—A. Yes, intimately.

Q. There is, you know, in that case an actual substituted agreement entered into between the Imperial Munitions Board and the American Ammunition Company modifying the contract of June 19th?—A. Yes.

Q. But I need not ask you to read it because it is in already?—A. Copies are here.

Q. But we have already put in copies of that. In regard to the negotiations leading up to that modified contract, would it again be Mr. Gordon who would be the person most qualified of anybody to speak?—A. Undoubtedly.

Q. Then we will have Mr. Gordon on that. And will he be the person to speak in regard to how that modified contract is now being carried out by way of deliveries?—A. Yes.

Q. Have you anything to say in regard to the contract with Messrs. Russell & Harris for the graze fuse, or is that a matter again upon which Mr. Gordon will be the one to speak?—A. Mr. Gordon.

Q. Then I won't trouble you about that. And if there is a contract with Messrs. Russell & Harris as to time fuses, again Mr. Gordon?—A. Mr. Gordon.

Q. I see. So that I may altogether pass over, may I?—A. Unless, in fairness to Mr. Gordon, the transaction for the time fuse was in open Board, and I am quite ready to answer any questions you may ask as to a subsequent contract to the graze fuse; that was a contract let in December.

Q. Was that a graze fuse?—A. No, time fuse.

Q. Was it loaded time fuse?—A. The original understanding, which was not entered as a contract, was for a loaded fuse, but later, when the Board reached a determination to build and equip its own loading station and do the loading under its own guidance, it was changed to a contract for the purely mechanical parts, the same as the other contract.

Q. So there is no contract in existence with the Russell Motor Car Company for loaded fuses, either time or graze?—A. No, no contract.

Q. Perhaps you can tell me what allowance was made by the Russell Motor Car Company for the change from loaded time fuse to unloaded time fuse?—A. \$1.50 per fuse.

Q. \$1.50 per fuse was taken off?—A. Yes.

Q. That was a matter of mutual arrangement between the Imperial Munitions Board and the Russell Motor Car Company?—A. Yes, it was an original offer in which they offered either for a loaded fuse or an unloaded fuse.

Q. This is the time fuse?—A. Time fuse.

Q. What is the price of the unloaded time fuse?—A. \$2.75, less some rearrangement by reason of the workmen in Montreal doing some of the work that was intended to be done by the Russell Company, I think five or six cents a fuse. I think the net price is in the neighbourhood of \$2.68 or \$2.69, I am not quite clear.

Q. Does that mean that the Montreal Company besides loading the fuse is to do some work on it?—A. I think Mr. Gordon can answer that better. There is some technical piece of work that it is desirable should all be done, if possible, at the loading point.

Q. And therefore it will not have to be done by the Russell Company?—A. It will not have to be done by the contractor.

Q. But the unloaded fuse for everything save the loading was \$2.75?—A. Yes.

Q. Can you tell me how you arrived at the \$1.50 for the loading?—A. We did not arrive at all, we simply accepted the tender as it was made by the contractor, not having any data before us with which to govern our judgment.

Q. But, Mr. Flavelle, what I wanted to get from you was, how did you do as a business Board, how did you know that \$1.50 would be a proper or reasonable amount to allow for the loading?—A. I think I would have to answer that at greater length than the mere statement in answer to your question.

Q. There is not the slightest reason why you should not answer at length.—A. It arises from these conditions. At the time the Board assumed its obligations they were advised by Mr. Hichens that the thing which was of supreme moment he considered with the question of letting of contracts for fuses, that there had been contracts with the old Board for a considerable period that had not been dealt with, and that he felt—

Q. Just let me understand that, because I do not. "Contracts by the old Board"?—A. Tenders I should have said. Tenders which were in the hands of the old Board, which had not been dealt with, and that it was supremely important that these should receive the first consideration, and before we formally constituted ourselves as a Board we dealt with these time fuse contracts or tenders by sending for all the tenderers to come to Ottawa to meet us. We had as a guidance for the value of the loaded fuse the price set by the War Office, which was \$4.25. We had from the other contractors prices ranging from \$2—if I remember rightly—\$2.40 odd to \$3.50 and \$3.60 for the unloaded.

Q. Time fuse.—A. Time fuse; and we determined to give an order to the \$2.42 one, an order to the Russell people for a loaded one at \$4.25, and tell other tenderers that their prices were too high and to come back, one of whom subsequently came back in the course I should think of several days and gave us a tender of \$2.75, which we accepted.

[Joseph Wesley Flavelle.]



Q. Unloaded?—A. Unloaded; that was \$2.75. That was the Northern Electric Company of Montreal. Those were the three contracts.

Q. Perhaps you will tell me about what time this was?—A. That was on December 6th.

Q. And were the quantities large or small?—A. A million for each.

Q. And then having given that to the Russell people you subsequently changed it to the \$2.75, the same as the others?—A. The same as the Northern Electric.

Q. They did not get the \$2.40?—A. They would not take it.

Q. How could you reconcile if one tenderer would name the figure of \$2.40 or \$2.42 that you could be justified in paying \$2.75 for the same article?—A. Well, it arose from the consideration which was given by the Board in consultation with Mr. Hichens, in which it was deemed advisable to accept the lower tenders, even though they varied a good deal in price, so that machinery could be ordered and work commenced, as more important than anything else was the delivery of fuses.

Q. So that it did not occur to you that the difference of 35 cents in the two tenders would force you to accept the lowest tenderer for the whole lot?—A. I do not think I understand the question.

Q. You had a tender at \$2.40?—A. Yes, we accepted that for one million.

Q. You had another tender for \$2.75?—A. Yes.

Q. You accepted the tender for 35 cents higher, if I am right, for the same article because you were impressed with the necessity of getting these fuses as soon as possible?—A. That is not quite the sequence. We accepted the tender for \$2.42—I may be wrong to a cent or two, I am speaking from memory—and we accepted an offer for the loaded fuse for \$4.25, and we subsequently changed the loaded fuse, I should think it must have been a month afterwards. Mr. Gordon can tell you better about that.

Q. I thought you took a third tender several days after for \$2.75?—A. Some days after, from the Northern Electric people.

Q. You took then within a few days a tender at \$2.42 and a tender at \$2.75?—A. Yes.

Q. 33 cents instead of 35 cents difference?—A. Yes.

Q. Which runs in a million fuses to a considerable amount?—A. It is \$230,000.

Q. Well, I was going to ask you, was it because of the urgency in December of obtaining fuses that you were prepared to pay larger amount to that tenderer?—A. Yes. The reason we were anxious to close the matter forthwith was that the necessary machinery could be ordered, as it would be quite four or five months after the order was given before anything could be done.

Q. I take it then that fuses were not like wheat, because you would not pay a difference in a bushel of wheat of 32 or 33 cents between tenderers?—A. We have a good deal of variation in tenders on almost everything we deal with.

Q. And would it be fair to say that you by no means give your final orders to the tenderer who is lowest?—A. No. For instance, the tenderer who is lowest offered to produce two million and we only gave him an order for one million because time was the essence of delivery.

Q. I only want to get the idea. Please do not misunderstand me, Mr. Flavelle, I am not criticising in any way. I want to get the facts.

Sir WILLIAM MEREDITH: I do not think Mr. Flavelle understands that you are criticising.

WITNESS: Not at all.

Mr. HELLMUTH: I thought he did from the last answer.

Q. Then are these people to whom you let these tenders in December delivering the fuses?—A. I think that one of them is ready to deliver at the end of this week.

Q. But I mean up to date have you received any?—A. None.

Q. None up to date?—A. None.

Q. Did you get any idea then as to what time would be required to deliver an unloaded fuse?—A. The contractors hoped they would deliver them in March or April, but almost immediately following the understanding that they were to have a contract we received notification to take no further steps on time fuses until we had received new drawings.

Sir WILLIAM MEREDITH: Was that from the War Office?—A. From the War Office. And that consumed—oh, I should think nearly two months, I am speaking offhand, but I should think nearly two months time, before we could proceed with the production of the necessary gauges, which are very numerous in a time fuse, and some of which are not yet delivered because of the delay in getting the drawings.

Mr. HELLMUTH: Is it then so, that comparatively slight changes in the design of a fuse would require fresh drawings and new gauges?—A. For that part.

Q. And that might, in this case you say did, delay considerably the possibility of delivery within the time that had been anticipated?—A. Yes.

Q. You are hoping, however, as I understand you, to get delivery of some of them within the next week, Mr. Flavelle?—A. Yes.

Mr. NESBITT: Unloaded.

Mr. HELLMUTH: Yes, he says unloaded.—A. Unloaded.

Q. None of the time fuses that you have ordered are to be loaded?—A. No, we are to load them ourselves.

Q. And you are preparing to load them at this arsenal, in Quebec is it?—A. No, a plant in Montreal, a loading plant.

Sir WILLIAM MEREDITH: Perhaps, Mr. Hellmuth, if it does not take it out of your line, you could find out why they determined to undertake the loading themselves.

Mr. HELLMUTH: When did you first determine that you would do the loading yourselves?—A. Might I ask you to get the particulars of that from Mr. Gordon? It is a matter of policy recommended by him.

Q. I will get the details from him. But perhaps you can tell me your determination?—A. Our determination was that the loading of the time fuse was a difficult and delicate and very troublesome matter, and the experience which we had with the contracts in the United States led Mr. Gordon to the conviction that it was better to have that particular work under the control of the Board than under the control of the contractor, unless the same contractor were to make the completed fuse. That is to say, we felt that making the mechanical parts here and loading here, it was desirable that that loading plant should be under our own control and administer all the affairs in connection with the loading, so as if possible to eliminate the delay, which had been so grievous in the American contracts.

Q. You came to the conclusion then that this was an exceedingly difficult and intricate business, this loading?—A. It is certainly difficult—whether it is intricate or not it is certainly difficult.

Q. And that it would be therefore advisable that it should be dealt with by people over whom you would have control?—A. Yes.

Sir WILLIAM MEREDITH: I would judge from what Mr. Flavelle has already said that they have not tested their works yet.

WITNESS: No. They have still to go on trial.

Mr. HELLMUTH: You have not loaded a fuse?—A. Yet, no, sir.

Sir WILLIAM MEREDITH: Not even experimentally?—A. No. I think Mr. Gordon will say that he is hoping to get in readiness next week to commence loading, so by June he will be fairly under way.

Mr. HELLMUTH: Can you give me the month, I do not mean the date exactly, when you decided you would do the loading yourselves?—A. January, I think.

[Joseph Wesley Flavelle.]

Q. You think it was in January that you came to the conclusion that you would do the loading yourselves?—A. Yes.

Q. And of course, you promptly advised the Russell Motor Car Company of that at that time?—A. Doubtless.

Sir WILLIAM MEREDITH: What staff did they acquire?

Mr. HELLMUTH: Who is head of the plant?—A. Some business friends of Mr. Gordon agreed, as their contribution towards helping in the situation, that they would lend their business energy and judgment without charge, the leader in the movement being Mr. Sise of the Northern Electric Company, and we formed a small company, known as the British Munitions Board, owning all the stock by the Imperial Board, and the Northern Electric Company lent the services of their Mr. Hathaway, an expert, and by reason of our relations with the American Locomotive Company and the arrangement which Mr. Gordon was able to make they gave him complete access to their loading plant at Providence so that we could learn from their mistakes and their errors if possible.

Q. Did they make any?—A. Yes. They were successful in loading fuses, but had had a sore time becoming successful, and we had the advantage of meeting them for the purpose of avoiding the mistakes which they had made. Whether we have or not—

Q. Was Mr. Hathaway a gentleman who had previous to this ever loaded fuses?—A. No, but he is one of the expert men in connection with the Northern Electric Company, where they do fine and delicate work.

Q. That is mechanical work?—A. Yes.

Q. But I am asking, was he at all familiar with loading fuses or blending powder?—A. No.

Q. Whom did you get for that purpose?—A. I am afraid you will have to either ask Mr. Gordon or Mr. Hathaway. I do not know what their organization is.

Q. Do you know whether they have secured any men operators who have been accustomed to loading time fuses?—A. Again I will have to ask you to ask Mr. Gordon.

Q. I did not mean so much the business organization.—A. I think you will find that every effort has been made to cover the whole matter. The detail of it I am not acquainted with.

Q. I have no doubt that that is so; but what I really was anxious to find out was what they had considered necessary from the point of view of loading, what staff, what experts and what assistance of skilled men in that line they had secured.—A. If you will be good enough to ask Mr. Gordon.

Q. You cannot answer that?—A. I cannot answer that.

Q. Then I cannot pursue that. What is the size or capacity of this firm, how many could they load in a day?—A. Can you tell me that?—A. It will have to be a guess. Mr. Gordon can tell you accurately. Twenty thousand or thirty thousand a day if I remember rightly.

Q. Would it be a bigger plant or a plant of about the same size as the International's?—A. I have not seen the International plant.

Q. You have not been there?—A. No.

Q. We were told that it could load thirty thousand a day, or with three shifts as high as forty thousand a day.

Mr. EWART: And at a pinch sixty thousand.

Mr. HELLMUTH: I do not remember the pinch.

Q. So far as you are concerned, you have not met any loading experts or been introduced to any of the proposed loading experts of the plant at Montreal?—A. No.

Q. And all the arrangements, if any, for that have been done by Mr. Gordon?—A. Yes.

Q. So we can get it from him. Then you had after the Imperial Munitions Board came into existence some dealings with the Edward Valve Company of Chicago, had you not?—A. Yes.

Q. Did you ascertain what the relationship by agreement or otherwise was between the Shell Committee and the Edward Valve Company at the time you took charge as Chairman of the Imperial Munitions Board?—A. Yes.

Q. Is it a fact that at that time the order given to the Edward Valve Company had not been filled, and the Edward Valve Company were in default and liable to have the order cancelled?—A. I am not sure if it were not technically cancelled.

Q. But you think it had been cancelled?—A. I am speaking only from memory now. I am inclined to think that it was technically cancelled. I think that was one of the last acts of the Shell Committee.

Q. Will you look at that and see if that is the order of the Edward Valve Company?—A. This is a subsequent order.

Q. No, no, the first one.—A. This would be a copy of it.

Q. So that we have.

Sir WILLIAM MEREDITH: That is in, is it?

Mr. HELLMUTH: No.

Sir WILLIAM MEREDITH: I thought the Edward Valve contract went in.

Mr. HELLMUTH: There was something went in. I think the letter perhaps, but not the actual order.

WITNESS: I was inclined to think that it had gone in, although I am not sure.

Sir WILLIAM MEREDITH: Then you are putting them both in. They will be marked as one exhibit and will be number 291.

Mr. HELLMUTH: The first is July 16, 1915.

“The Edward Valve and Manufacturing Company,  
343 South Dearborn St.,  
Chicago, Ill.”

and on it in red is “Cancelled 12/23/15.” That is the 23rd of December, 1915. The red mark running down shows the cancellation. This is the way the order reads:—

“This order confirms arrangement made with your Mr. Sheraton by our Mr. Carnegie that the Shell Committee will accept all the 18-pr. Brass Cart-ridge Cases manufactured in accordance with specification L/3307 and Drawing No. R.L. 20711, by your company up to 500,000 during a period of 18 weeks commencing July 25, 1915.

“The said cases to be proved at Quebec, P.Q., or at any other place in America designated by the Chief Inspector of Arms and Ammunition, Quebec, and cases will only be accepted on certificate from Chief Inspector that same have satisfactorily passed the required tests.

“PRICE. . . . . \$2.43 each f.o.b. your works, Gary, Indiana, or Chicago, Ill., packed ready for shipment in wooden boxes each containing 35 cases.

“Shipments to be made as instructed by the Shell Committee.”

Sir WILLIAM MEREDITH: You put in the draft agreement.

Mr. HELLMUTH: But I do not think I put this in. This is the actual order. This, as I say, was cancelled. Just let me stop a minute there.

This was cancelled on the 23rd of December, 1915. That was after the Imperial Munitions Board had come into operation, was it not?—A. Yes.

Q. And on the 22nd of December, 1915, the Imperial Munitions Board apparently gave an order—because this is on the Imperial Muniton Board's order paper—as follows:—

[Joseph Wesley Flavelle.]

"To the Edward Valve and Manufacturing Company, Chicago, Ill.,

Quantity.	Description.	Price and Terms.									
500,000 For delivery up to May 15, 1916.	<p>18 pr. Mark II Brass Cartridge Cases to be supplied in accordance with drawing No. A-26 and Specification L 3542A</p> <p>These cases to be proved at Quebec, P.Q., or any other place in America designated by the Chief Inspector of Arms and Ammunition, Quebec, and cases will only be accepted on certificate from the Chief Inspector that they have satisfactorily passed the required tests.</p> <p>Shipments to be made as instructed by the Imperial Munitions Board.</p> <p>NOTE:—All invoices against this order must bear Contract Nos.—</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">4</td> <td style="text-align: right;">—</td> <td style="text-align: right;">96,668</td> </tr> <tr> <td style="text-align: right;">16</td> <td style="text-align: right;">—</td> <td style="text-align: right;">253,332</td> </tr> <tr> <td style="text-align: right;">32</td> <td style="text-align: right;">—</td> <td style="text-align: right;">150,000</td> </tr> </table> <p style="text-align: right;">CHAIRMAN.</p>	4	—	96,668	16	—	253,332	32	—	150,000	<p>\$2.43 each f.o.b. your works, Gary, Ind., or Chicago, Ill., packed ready for shipment in wooden boxes, each containing 25 cases for all such cases delivered up to January 15, 1916.</p> <p style="text-align: center;">AND</p> <p>\$2.03 each f.o.b. your works, Gary, Ind., or Chicago, Ill., packed ready for shipment in wooden boxes, each containing 25 cases for all such cases delivered between January 15, 1916, and May 15, 1916.</p> <p>The total quantity so delivered not to exceed. 500,000.</p>
4	—	96,668									
16	—	253,332									
32	—	150,000									

(Two orders together marked as Exhibit 291.)

Q. Were you familiar, Mr. Flavelle, with the circumstances under which this order of December 22nd came to be made?—A. Yes.

Q. You were aware, correct me if I am wrong, that it was in your power to entirely cancel the order of July 16th, because nothing had been delivered under it?—A. Yes.

Q. That your legal rights were such that you simply could say, "You did not take the option we gave you and it is at an end?"—A. Yes.

Q. How did you come, if I may ask, to give them another order at the \$2.43 or \$2.46 figure, I forget which?—A. \$2.43.

Q. \$2.43 for those delivered up to January 15, 1916.—A. May I explain the situation so you will understand it?

Q. Certainly, that is what I want.—A. One of the first matters that came before the new Board was the hearing of a deputation from Chicago representing these people.

Q. Yes.—A. That was early in December, in which they stated that if the order for their brass cartridge cases was cancelled they thought an injustice would be done to the Edward Valve Company.

Q. Why?—A. The Edward Valve Company had accepted an order from the Shell Committee; they had made promises for delivery which they had not fulfilled; they had bought the brass for the purpose; and they had bought the machinery for it; they had been subject, they claimed to a good deal of trouble with alien labour, leading to the destruction of some of their machines; and their Mr. Bradley, representing an Englishman who had been resident in the United States and had put some \$700,000 into the enterprise, asked if we would not under all the circumstances agree to an extension of their contract.

Q. Yes.—A. And what we agreed to do was to pay the contract price at \$2.43 for any cartridge cases which they could deliver up to the time of the termination of the Shell Committee's contract. That is to say, the Shell Committee gave to them the right of delivery up to January 15th at \$2.43 up to 500,000 cases.

Q. Is that correct?—A. Yes.

Q. January 15th?—A. I say January 15th, it may be January 1st.

Mr. EWART: No, January 15th, page 253.—A. Not 2-4-3?

Mr. HELLMUTH: He is only referring to the page.—A. What the Board did was to say to them "Any shells which you can deliver up to the 15th of January as your original agreement calls for we will pay you for at \$2.43; and shells which you deliver after that date we will pay you for at the price at which we are contracting now."

Q. You mean cartridge cases?—A. They are shells. They are cartridge case shells.

Q. Mr. EWART: Up to the 15th of May?—A. Up to the 15th of May; that we would extend the period up to the 15th of May I said.

Mr. HELLMUTH: But reduce the price?—A. But reduce the price to the basis that we were then buying at.

Q. You were at that time in December able to get cartridge cases at \$2.03?—A. That is it.

Q. And you were not going to pay them any more than that for such as they might deliver after January?—A. That is it.

Q. But you thought it was fair to extend the same price for any they might deliver up to that time?—A. Yes.

Q. Did they recognize at that time that they were in such default that you were in a position under the terms of the order to cancel?—A. Undoubtedly.

Q. They did not put up any fight on the legal ground that you were not able to cancel?—A. No. They took away the communication we gave them early in December that Mr. Bradley could consult with his client, and it was on receipt of a communication from Mr. Bradley that his client accepted the terms that the order of the 22nd December was prepared.

Q. So as a matter of fact you found yourselves in a position, when the Imperial Munitions Board came in as the successors of the Shell Committee, if I may so put it, to cancel the order altogether because they had failed to deliver, and it was only on account of what you considered as a Board fair in view of the representations they made that you were willing to continue it on these terms. Is that a fair way of putting it?—A. Yes.

Mr. EWART: Is it quite right to say that they were in a position to cancel?—A. The order was rather in the form of a statement that the Shell Committee would accept any deliveries up to a certain date.

Mr. HELLMUTH: Which had long since passed.

Sir WILLIAM MEREDITH: It is not correct, I think, as a legal matter to say that it was cancelled. They had not availed themselves of their right to deliver, and the Shell Committee was not bound to receive.

WITNESS: I think technically the contract was already cancelled, any rights they had had already disappeared.

Sir WILLIAM MEREDITH: I suppose you took that step to make clear your position?—A. No, sir, we took the position with them that they had no rights at all.

Q. I mean in marking the thing cancelled, or did you?—A. Yes.

Sir WILLIAM MEREDITH: I do not think it misleads anybody.

Mr. HELLMUTH: From your own records it is suggested to me that you would mark it cancelled?—A. That was for the purpose of advising every one concerned with the order that there was no liability in connection with it.

Q. Have the Edward Valve Company delivered any cartridge cases under the order of December 22nd 1915?—A. I think on the 1st of May, if I remember rightly, they delivered 2,000.

[Joseph Wesley Flavelle.]

Q. 2,000?—A. Yes.

Q. Do you mean that that is all out of 500,000?—A. Yes.

Q. And they have only until the 15th to deliver the balance?—A. Yes.

Q. May I ask you if you have any advice that they expect to send in the 498,000?—A. No. It was further revised on the 19th day of April.

Q. So you gave them further time, did you?—A. Yes. The situation as it developed showed that they had a condition in their shops in which part of the time they had to keep their employees in Pullman cars and with a guard of soldiers around the place, there were bombs put in the building that blew up some parts of their machinery and killed some of their people, and they made a claim upon us and upon the Imperial authorities for some gains they were making in filling a contract, asking that consideration should be given under the extraordinary conditions they were facing, and we thought we ought to give them consideration, and that is a copy of the continuing contract.

Sir WILLIAM MEREDITH: Perhaps you had better put that in with the other exhibit and have the three together.

Mr. HELLMUTH: I will make it a separate exhibit if I may, because there are four pages.—A. I think the first one you do not need, the other two you will need.

Q. Yes. Thank you, Mr. Flavelle, I will give you that back, because the original of that has gone in?—A. Yes.

Q. Then I will read this:—

“ April 19, 1916.

*Memo covering a proposal for the extension of the contract of the Edward Valve Manufacturing Company for the delivery of 18-pr. brass cartridge cases as covered by their contract No. 3018.*

The Board agree to give an extension to September 15, as follows:—

The Edward Valve Manufacturing Company are to deliver 75,000 accepted cases up to June 15th; an additional 100,000 accepted cases up to July 15th; an additional 150,000 accepted cases up to August 15th; an additional 175,000 accepted cases up to September 15th.

In the event of the deliveries being short of the above schedule at the end of the respective monthly periods as indicated, the portion that is short in delivery shall be considered as cancelled and will not be reinstated by increased delivery the following month. Moreover this extension is granted on the standing that in the event of the Imperial Authorities notifying the Imperial Munitions Boards to cease the production of munitions, that the Board shall be entitled to cancel any unmanufactured portion of accepted cases under this contract without compensation to the contractors; the reason for this being that the contract having been subject to several extensions, the Board has refused this last extension without the provision for cancellation as herein indicated.

A copy of this memo has been handed to Mr. Ralph R. Bradley, who represented the Edward Valve and Manufacturing Company. Mr. Bradley has asked that he be given an opportunity to submit the proposal of the Board to his clients, and I have agreed that he would have until one week from this date for the acceptance of the proposal.

J. W. FLAVELLE,  
*Chairman.*”

Q. Was that accepted?—A. Yes.

Q. I think perhaps it is here.—A. I am not sure whether it is there or not, sir.

Q. What is that?—A. That is a copy of instructions to the office staff how to deal with the order.

Q. I might as well put that in:—

“OTTAWA, April 25, 1916.

*Re Order No. 3018 to the Edward Valve and Manufacturing Company.*

Memorandum to Mr. Edwards, Mr. Schofield, Mr. Hines, Mr. Hirsch.

Will you kindly refer to our Order No. 3018 in favour of the Edward Valve and Manufacturing Company covering 500,000 18-pr. cartridge cases.

The Board have agreed to give an extension in time for completion of this order to September 15, 1916, on the following basis:

75,000 accepted cases to be delivered up to June 15th.

An additional 100,000 accepted cases to be delivered up to July 15th.

An additional 150,000 accepted cases to be delivered up to August 15th.

And the remaining 175,000 accepted cases to be delivered up to September 15th.

In the event of the deliveries above specified being short at the end of the respective monthly periods, the portion that is short in delivery shall be considered as cancelled and shall not be reinstated by increased delivery the following month.

The price which now applies on this order is not affected.

Will you kindly make the necessary changes in your records.”

(Two memoranda marked together Exhibit 292.)

Q. Do you know whether Mr. Bradley's clients had acceded to and accepted that proposal for the extension?—A. Oh, yes, and we issued a formal order. I am afraid we have not that order here.

Q. You issued a formal order on the terms of that proposal no doubt?—A. Yes.

Q. So that that contract of December 22 as extended is still in force?—A. Yes.

Q. Is that at the price of \$2.03?—A. Yes.

Q. Has that price remained from last December until now the ruling price for cartridge cases?—A. No, the price is lower now.

Q. The price is lower now?—A. Yes.

Q. Much lower?—A. Yes, a good deal lower.

Q. Could you give me an idea? I do not want it to a cent?—A. It is about 27 or 28 cents lower now. They have an advantage in the contract of 27 or 28 cents a case.

Q. May I put it in this way, Mr. Flavelle, that the Imperial Munitions Board recognized at the time, on April 29th or whatever the date was when that proposal was made that they were giving a larger price by some 27 or 28 cents than what cartridge cases could have been supplied for at that time, but in view of the trials and tribulations this company had gone through you were willing they should have it?—A. Yes. I may say that the policy the Board has had in mind is that the Crown had no right to take advantage of people who made an honest effort, and where the conditions under which they operated were severe, that they were not in the position of traders to punish, but rather to interpret what was the just and fair relationship towards a contractor who had tried to do as well as he could and had a difficult time.

Sir WILLIAM MEREDITH: Perhaps you would ask him, Mr. Hellmuth, what were the causes which led to the reduction in price.

Mr. HELLMUTH: Yes, I will not pass that, Mr. Commissioner.

Q. I was just going to ask you, were you satisfied that the Edward Valve and Manufacturing Company had made an honest effort to do their work?—A. We believed that when they came to see us in December that they had not done well, not because they had not intended to, but that they had not realized when they went into the undertaking what they were doing, and they had not planned to carry it out well; but they had invested their money in machinery, they had bought all the brass for the entire

[Joseph Wesley Flavelle.]



contract, and we thought it would be a hardship under the circumstances not to give them an opportunity to fill the order on the basis of the then contract price for cartridge cases. When they came to us in April, after having been subject to the difficulties under which they worked, we thought it was a situation where we should not further reduce the price, but should give them the opportunity of completing the contract by September at the reduced contract price we had named in December.

Q. You have hardly answered my question. You said you didn't want the Crown to take advantage of a contractor or company who had made an honest effort to fill the contract. Now, I am asking you do you think the Edward Valve Company had made an honest effort to fill the contract?—A. Again I will have to ask you to let me answer with rather more than yes or no.

Q. Certainly—A. At the time the original order was given, the Shell Committee were in great straits—

Q. Why?—A. For cartridge cases. In the manufacture of cartridge cases in Canada they had encountered great difficulties, and the manufacturers had not overcome them, and it was represented to the Imperial Board by the old Shell Committee or Mr. Carnegie, and confirmed by General Bertram, that representations had been made on behalf of the Edward Valve people that they could produce in eighteen weeks time these cartridge cases. The bargain should never have been made; it could not have been made by people who understood the business. It never was physically possible to carry it out. Therefore, we felt when we were dealing with them in December that we were justified in saying, "We will not pay \$2.43." It was a fancy price for quick delivery, eighteen weeks, but "We will pay the market price for any delivery which we may grant you."

Q. It was a fancy price for quick delivery?—A. Yes, sir.

Q. And in the condition the market was in then, that fancy price was not justifiable in your opinion, if they could have been got?—A. I think sir, when you are dealing with ammunition and you can get something that is vital, you are justified in paying anything.

Q. Then you appreciate this, that after all, the only people who took any risk about that fancy price were the Edward Valve people; the Shell Committee were taking no risk because if it didn't come, they didn't have to pay for it?—A. I think I can hardly take that reasoning. I think the risk is for the people who want it.

Q. Your opinion is that it wasn't a wise move to take from the Edward Valve people or to give them a chance of producing five hundred thousand cases within eighteen weeks at that price?—A. I am not criticising what our friends on the Shell Committee did. I am criticising what the manufacturer said he could do.

Q. Then of course you can't do anything more than guess whether the Edward Valve people will ever make this delivery?—A. Can't do anything more than guess.

Q. Apparently from the very start, when they came to you in December, they complained that they had had all this trouble with alien labour, and difficulty and danger in their shops?—A. Yes.

Sir WILLIAM MEREDITH: You have not asked what caused the reduction.

Mr. HELLMUTH: Q. What caused the reduction in the price of cartridge cases from December to the date at the end of April of twenty-seven cents?—A. Well, the reduction is wholly in the price paid by the manufacturer for the labour expended in the production of the cases. The labour expended in the production of the cases we judged was in the first instance probably as high as \$1.20; our last contract was made at forty-seven and a half cents.

Q. For the labour?—A. Yes.

Q. Then the reduction is not due to a drop in the price of material?—A. The price of material is much higher.

Q. The price of material is much higher; the price of the man who puts the material in place has dropped?—A. And he has already amortized his plant. You will remember, we gave contracts for probably fifteen million cartridge cases, and it is

to be presumed that the cost of the plant is absorbed in the first contract; therefore as succeeding contracts are given, there is an opportunity to quote a much lower price.

Q. May I carry that a little farther?—Do you find that any one of these manufacturers who is asked to produce some munition of war would endeavour to cover in his first order the cost of his plant and equipment?—A. Yes.

Q. You do?—A. Yes.

Q. And have you as an Imperial Munitions Board giving an original order, that is an order originally for stuff, precognized that as a reasonable principal?—A. Yes.

Q. You have?—A. Yes.

Q. And you do still?—A. Yes.

Q. Then any order for munitions whether in Canada or the States—for I suppose it would apply in either country?—A. Yes.

Q. Where the parties have to erect plants you would expect the first order to cover the cost of the erection of the plant and equipment?—A. Reasonably so.

Q. That is to say, you would not consider that they were bound to bank on the possibility of the war going on forever?—A. No, and a good deal of the plant is special, not serviceable for other purposes.

Q. That it would be quite fair would it not, to say that in such a matter as a fuse contract, you would expect a company that had an order for a million or two or three millions of fuses on his first order not to charge as much for fuses when he got his next order?—A. Unquestionably.

Sir WILLIAM MEREDITH: Mr. Flavelle said in all cases. Perhaps you did not observe that.

Mr. HELLMUTH: Are you at the present time finding new—I won't say new munitions in the fullest sense—are you finding new munitions as far as Canada is concerned?—A. New sizes of shells?

Q. Yes.—A. We have quite recently let new contracts for eight inch, six inch shells, nine point two shells.

Q. Could those be manufactured by a plant that has been manufacturing?—A. We have not as yet secured a sufficient delivery from any one who had already made these sizes to secure the full benefit of the lower price incident to the plant having been amortized by operations earlier.

Q. Now, when you took charge of the Imperial Munitions Board you found a number of contracts with the War Office, as yet unfulfilled completely?—A. Yes, the majority of them.

Q. The majority of them. Quite so. I suppose the great bulk of those have been now fulfilled?—A. No.

Q. Are they in process of fulfilment?—A. Yes.

Q. And have you found that the price quoted to the War Office for the complete article, whether it may be, is going to be exceeded or reduced?—A. Oh, I think in all cases slightly lower, somewhat lower.

Q. Somewhat lower, and I suppose you have taken on fresh orders?—A. Yes.

Q. At the present time no one of the Imperial Munitions Board, whether military member or lay member, enters into any form of contract himself with the War Office?—A. None.

Q. You are merely acting as agents directly?—A. Purely.

Q. From the Munition Board in England?—A. Purely and simply trustees for the Crown.

Q. So you haven't any possible legal liability or hope of profit in anything you do?—A. None, sir.

Q. You get the best terms you can of course for the War Office for whom you are trustees.

Sir WILLIAM MEREDITH: That is not exactly right, Mr. Hellmuth. Mr. Flavelle has got a lot of experience.

[Joseph Wesley Flavelle.]

The WITNESS: That is not convertible into cash.

Mr. NESBITT: I don't know about that. I think I can get you a contract.

Mr. HELLMUTH: You are not paying the Imperial Munitions Board for the experience you are gaining, nor are they paying you.—A. Quite right, there is no payment either way.

Mr. NESBITT: You will be made an honorary colonel.

Mr. HELLMUTH: General at least.—A. Corporal.

Q. I do not know in view of the ruling whether this is a matter that I can go into or not, so do not answer the question. Are you in a position to say what would be the amount in dollars and cents if the difference between the prices at which all the orders and contracts between the original or the Shell Committee and the War Office would amount to?—A. I don't know, sir.

Q. You don't know?—A. No.

Q. Then I haven't done any harm. We won't have to have a ruling.

Q. Have you attempted so far as the Imperial Munitions Board is concerned to keep any record of what that would be?—A. No, sir.

Q. You have treated the matter whether the contracts came originally from the Shell Committee or whether they were instituted by the Imperial Munitions Board as though both the Shell Committee and the Imperial Munitions Board were acting as trustees and agents for the Imperial Government?—A. Purely.

Q. So that there will be no possible accounting to any member of the four manufacturing members of the Committee of any possible difference there might be to their advantage in the price quoted by the War Office and the price?—A. No possibility.

Q. And you have never had any such request or demand made by anybody?—A. No.

Mr. NESBITT: It was handed over at the time on that basis, wasn't it?

Mr. HELLMUTH: At the last meeting of the Shell Committee on the 29th of November, this was passed:

(Mr. Hellmuth reads portion of Minutes, copy of which will be found on page 172 of the proceedings of the Commission.)

Mr. HELLMUTH: That is from the Minutes of the Meeting of the Shell Committee of the 29th of November, 1915, relating to the transfer of the Committee.

Sir WILLIAM MEREDITH: That has been read in full, and it is not necessary to extend it again.

Mr. HELLMUTH: Now, Mr. Flavelle, I suppose you were aware that there was a complete transfer by the Shell Committee to you of all matters?—A. Well, we were aware of it in the sense that we went right on performing the duties they left.

Q. You took it for granted?—A. We took it for granted.

Q. And if there were any cheques or funds you understood that you could not have got it otherwise. You understood that the Shell Committee people were ready to transfer?—A. Surely.

Q. And there was never any question between you and the Shell Committee with regard to transferring anything and everything?—A. No.

Hon. Mr. DUFF: I suppose they probably gave a cheque?—A. Oh no, there was an account, just continued.

Mr. HELLMUTH: Did you assume to take the business position of the Shell Committee under the contracts?—A. In every respect.

Q. And to carry them out?—A. In every respect.

Q. And to be bound by them?—A. Yes.

Q. And to give whatever benefit there was to the Imperial Government?—A.

Yes.

Q. And that was as you understood it was the desire—wish I may put it—of the Shell Committee?—A. The matter never was discussed.

Q. But I mean that there was never any suggestion by any member of the Shell Committee that you should not do that. No member came and said, “Why are you doing our business?”—A. No.

Sir WILLIAM MEREDITH: To use a word that I think I heard Mr. Flavelle use, it was unthinkable?—A. I think that is fair sir.

*By Mr. Johnston:*

Q. Could you tell us what contracts have been cancelled? I mean old shell contracts, or do you know?—A. You mean any contracts of another type?

Q. I mean actually cancelled. I don't mean cancelled and renewed, actually put out of existence.

Hon. Mr. DUFF: That is pretty broad.

The WITNESS: I know of one; I am trying to think if there are others.

Mr. JOHNSTON: What is it, a shell contract or a fuse contract?—A. A shell contract.

Q. Do you know whether any fuse contracts have been cancelled or not?—A. The contract with the American Ammunition Company, the old contract as I presume, lapsed, in the sense that the fresh contract has taken its place.

Q. I don't mean that. I mean cancelled absolutely out of existence?—A. No fuse contracts.

Q. No fuse contracts. Any shell contracts of which the five millions form a part representing these fuses?—A. No.

Q. No, none of those. There are one or two matters of a general character that I would like to ask you about. Was there any discussion at all with the members of the Shell Committee with reference to a question of profits?—A. Officially?

Q. No matter how, I mean as regards you and your company or your body and the members of the Shell Committee?—A. Well, I don't think there was any discussion. I don't know what the term “discussion” may involve.

Q. Conversation, talk?—A. A member of the old Board suggested that there were possibilities of legal relations between the Shell Committee and the Crown that might raise the question of what disposition should be made of any surplus that might have accrued.

Q. Was there any meeting of members of your Committee and the old Shell Committee prior to the taking over or shortly after the taking over of the work?—A. No.

Q. Was any statement made by any member of the old Shell Committee that they were entitled or he was entitled, as the case might be, to the profits as shown by the statements then made?—A. Nothing more than what I have already indicated.

Q. Do you remember who that was?—A. Yes.

Q. Who was it?—A. Mr. Cantley.

Q. Did you have any talk with Colonel Carnegie about it, or did he talk to you about it?—A. No. Nothing of that kind was discussed except with Colonel Cantley and Colonel Watts.

Q. Did he speak to you about it?—A. No.

Q. Was there anything understood at any discussion or talk as to how these accounts were to be carried, under the new management?—A. No.

Q. What was done or said at the time you took over the work of the Shell Committee, by that Committee?—A. There was nothing done or said.

Q. How did you come to get hold of the matter, as it were?—A. I just went in.

Q. Nobody there?—A. Yes, there was.

Q. Did the other gentlemen pass out at the other door as you passed in at the front?—A. No. We have two members of the old Board who are members of ours.

[Joseph Wesley Flavelle.]

Q. Those two of course remained with you?—A. Yes.

Q. But the others I do not suppose you saw much of, if anything?—A. I never saw them, officially.

Q. Did you ever have a talk with them unofficially, about these matters?—A. No, I did not.

Q. Who was the gentleman who did the talking principally upon the part of the new Board, was it Mr. Gordon; if there was any discussion or inquiry to be made, or matters to be investigated, who would do that, you or Mr. Gordon?—A. The majority of it naturally falls upon the Chairman of the Board.

Q. So that if there was any talk, you would likely be cognizant of it?—A. I should think so.

Q. You had some correspondence I understand, or I have learned at least, in connection with certain matters relating to the Imperial Munitions Board. For instance, you had correspondence with the Minister of Militia?—A. Concerning what?

Q. Concerning matters relating to the work of the Munitions Board, the fuse contract for instance, the Phillips contract, for instance?—A. There was correspondence passed between the Minister of Militia and myself.

Q. I would like to have the correspondence produced. We have been inquiring about it several times?—A. The correspondence I have had with the Minister of Militia, I would like to ask the Commissioners to permit it to be indicated, as I said the first morning, to pass it over to them for their judgment.

Q. It related to the question of fuses, and certain contracts?—A. It had in it reference to fuses and contracts.

Mr. NESBITT: But not to these contracts at all?

Mr. HELLMUTH: If it has reference to these fuses, I do not suppose there can be any objection to that portion of the correspondence that has reference to the fuses being spread upon the record. But I quite appreciate that correspondence between the witness and General Hughes or anybody else that does not relate to matters that are up for investigation here, while it might be shown to the Commissioners, should not be spread upon the record.

Mr. JOHNSTON: I take issue with that.

Mr. HELLMUTH: I take that position on the part of the Government, for whom I appear, that matters that are not the subject of this investigation are not matters that should be spread upon the record.

Mr. JOHNSTON: Let me call attention to this further fact, before you ask the permission of the Commissioners, Mr. Flavelle. Part of this correspondence deals with the Russell Motor Car Company contract?—A. Yes.

Q. And the manufacture of fuses under that?—A. Yes.

Q. It also deals with the five million fuses, or a portion of it which passed to these two American companies?—A. Yes.

Mr. HELLMUTH: There can be no possible objection to that being spread, but what I am stating is that other matters which may be in the same letters are not matters for this Commission to consider.

Mr. JOHNSTON: I am asking to have these letters produced, so that we may see what the order says with reference to the Minister of Militia. We are not inquiring into Russell and these people alone.

Mr. HELLMUTH: My learned friend is inquiring into the Minister of Militia, in regard to these contracts.

Hon. Mr. DUFF: We are not inquiring as to the Russell contract. That only arises as a subsidiary thing.

Mr. HELLMUTH: We are not inquiring into the Shell Committee, the Minister of Militia, or anybody else. We are inquiring into the conduct of the Minister of Militia,

the Shell Committee or anybody else in regard to four contracts, two of which are the fuse contracts, another is the Edward Valve contract, and the other is the Pieric Acid contract, and it was refused as I understand in the House the other day to enlarge the scope of this investigation.

I therefore consider it my duty at all events to keep the investigation within the scope of the Order in Council.

Mr. JOHNSTON: I find letters which deal with the fuse question, and which I think I am entitled to read as a whole.

Mr. HELLMUTH: And I submit as a whole that so far as they touch the fuses, that is all right, but where they touch any question outside of fuses, I submit that part is not a part which is entitled to come before the Commission.

Sir WILLIAM MEREDITH: It may be that they cannot be looked at, at all. I am not saying that that is my view, of course.

Mr. JOHNSTON: The Commissioners are familiar with the order. It is on the very page of the printed record. Certain contracts are referred to. Then it goes on to say,

“Also a contract constituted by an order bearing date on or about the 16th day of July, 1915, given by the Shell Committee to the Edward Valve Company of Chicago and accepted by that Company, by which order the Shell Committee agreed to purchase a quantity of cartridge cases of the description and upon the terms therein stated. Also an alleged contract between the Shell Committee and the Providence Chemical Company of St. Louis by which contract the Shell Committee agreed to purchase a quantity of picric acid, if it should appear that the said Shell Committee has entered into such contract, and each of the said contracts, and into the acts and proceedings of the Shell Committee, whether by themselves or by any other person or persons directly or indirectly, and of the Minister of Militia and Defence, whether by himself or by any other person or persons directly or indirectly in relation thereto or in connection therewith and into the negotiations therefor, the profits or prospective profits arising thereunder, the disposition, division or allotment of such profits or prospective profits, or of any commission or reward for procuring the said contracts or any of them as to the persons interested in any such profits, prospective profits, reward or commissions, and generally speaking into all other acts, transactions and matters of every kind relating to the said contracts and each of them.”

What I say is, that there are letters as I am advised written by the Minister of Militia to the Chairman of the Imperial Munitions Board relating to certain fuse contracts, and which I am not aware cover anything else but the Shell contracts. I think I am entitled to submit those to the Commissioners, and am entitled to put them in, in order that the position of the parties may be well defined and well ascertained by their own acts.

Mr. HELLMUTH: I understand from Mr. Flavelle that he has no objection to putting before the Commissioners such portions of the letters as in any way relate to the fuse contracts. But if General Hughes or Mr. Flavelle deal with any matter in the same letter that is of a purely private or personal nature, or deal with any matter in any contract that is not one of the contracts in question, then my submission is that that part of the letter is just the same as if it was in a separate letter. I think it has no relation to the matters that are under investigation here. Not one single item which deals with these fuse contracts do I desire—in fact it is my business to see that it comes out. But any matters personal or private relating to other matters between Mr. Flavelle and General Hughes, or either of them, has no bearing upon this question.

[Joseph Wesley Flavelle.]

Sir WILLIAM MEREDITH: In the case of production of papers, the plan is, where part of the thing produced has no relation to the matter as to which production is required, that is secret, the rest of it is open. That is the ordinary practice.

Mr. EWART: I should like to ask Mr. Johnston whether his statement is that he is instructed that the letter to which he has made reference has any reference to the two fuse contracts in question, or whether they merely relate to some other fuse contracts.

Mr. JOHNSTON: The witness says in part that they relate to these fuse contracts.  
WITNESS: They refer in part.

Hon. Mr. DUFF: Certainly he said so, very explicitly.

Mr. EWART: To the two fuse contracts in question?

WITNESS: Yes, they make reference to that.

Mr. JOHNSTON: In addition to that, a letter written in the ordinary course of legal proceedings, I mean out of which legal proceedings arise, and that letter contains indications or evidence of the mind and motive of the writer, I submit that that is always admissible, although it may not name a specific transaction. It may show motives, or may show reasons, it may show prejudice, it may show malice, or anything else, or it may show the contrary. Of course if my learned friend takes the position he speaks of, and the Commissioners rule against me, I cannot put them in.

Sir WILLIAM MEREDITH: What do you mean by a suggestion of malice; how is that applicable at all in this case?

Mr. JOHNSTON: Perhaps not. I am merely putting the principle. I say this; suppose I write a letter in the ordinary course of legal proceedings or out of which legal proceedings arise, and in addition to the subject matter in dispute I have expressed myself either friendly or unfriendly in different ways in the letter itself relating to that subject matter. then the whole letter goes in.

Sir WILLIAM MEREDITH: Surely in this case it is almost elementary. A man writes a letter, which we will call No. 1, and discusses a contract regarding the making of fuses or shells with John Smith; in letter No. 2 he discusses something else, and in letter No. 3 he discusses something we are inquiring into. Surely it is not arguable that that part of the letter that refers to the contract with John Smith or any other person can be looked into?

Mr. JOHNSTON: That is not my argument. There may be such remarks and such comments in the letter as absolutely interweave with the subject matter under discussion, so that the whole letter relates to that subject matter. The method of expression or whatever may be said directly or indirectly should go in, to qualify, enlarge or minimize the scope of the investigation.

Sir WILLIAM MEREDITH: Your position is that without knowing what the letter says, without knowing whether it will bear the interpretation or contain the evidence you say it contains, you are to be permitted to see it? That is an impossible position.

Mr. JOHNSTON: I am not asking that. It is suggested that the Commissioners should see these letters. I have not asked to see them.

Sir WILLIAM MEREDITH: I dislike very much to look at anything which the public have not a right to look at, but I suppose it is necessary sometimes that it should be done.

Mr. EWART: That is done sometimes at a trial. When counsel for one side quotes something from the cross-examination for discovery of the opposite client, and the counsel for that client submits that there are other things which go to qualify or modify it, then the whole examination is submitted to the Court, the Court looks over it and sees if there is any such statement, and directs accordingly.

Sir WILLIAM MEREDITH: I think I have had on several occasions to do that.

Mr. JOHNSTON: I merely wish to say that you have misunderstood the attitude I am taking, sir. I have not asked to see the letters. I am not taking any responsibility about the production of them or otherwise. I am asking to see the letters which passed between gentlemen which to some extent apply to these contracts.

Sir WILLIAM MEREDITH: But you are suggesting that these letters should be handed in and made part of the record.

Mr. JOHNSTON: Not at all. Mr. Flavelle himself took the precaution before I saw the letters, or did anything about them at all.

Sir WILLIAM MEREDITH: You stopped before you came to the stile.

Mr. HELLMUTH: I take issue with my learned friend in regard to what he says about the contents of the letters. Suppose I wrote to him about a lawsuit in which we were both engaged, having disposed of it, I say that I consider he is a charming gentleman, and that I would do anything I possibly could do in his behalf, or that I consider he is a robber, or something like that, and that I would not trust him as far as I could see him. Surely that is not a matter which should be brought out in evidence.

Hon. Mr. DUFF: The real point about it is, that Major General Hughes and Mr. Flavelle both occupy important positions in the Military administration of the country and when they object to the production of certain things it is not merely on the ground of irrelevancy; it is on what everybody has been describing as far as he can, that disclosures which may do harm should not take place. I think perhaps that is an excuse I should be prepared to act upon, or upon which I should be prepared to act in following the suggestions made with regard to other documents, that we should examine them in private, without the public knowing anything about it.

Mr. JOHNSTON: These are matters for the Commissioners to deal with, and not for me.

I submit another reason, and I ask the Commissioners to look upon this letter perhaps from a different standpoint, or, to borrow the phraseology of a celebrated member of the Board, taking it at a different angle, a letter from the Minister of Militia to the Chairman of the Imperial Munitions Board giving ideas as to fuses and other war material. That letter I understand is in existence. But whether that will come within the rule, is another matter. I would submit that that is a matter which should be dealt with.

Sir WILLIAM MEREDITH: Well, Mr. Johnston, the best course will be to let these documents, if Mr. Flavelle has them with him, the two letters you are referring to, be handed to the Commissioners.

Mr. JOHNSTON: I think there are more than two. I only mentioned two, but I think there are more than two.

Sir WILLIAM MEREDITH: Mr. Flavelle must know what you want before he can produce them.

Mr. HELLMUTH: My learned friend has copies of them.

Mr. JOHNSTON: I only have rumour or report. I think it is a matter upon which the public should be informed. Whatever the letters are, I should like them to be looked up as far as Mr. Flavelle can do so.

Sir WILLIAM MEREDITH: Can you, from what Mr. Johnston has said, understand what he wants?—A. I presume he refers to a docket of letters that embraces correspondence between the General and myself, and some correspondence between the General and Mr. Hichens, which I think are more or less circulated—I don't know to just how many people they were sent, but they were sent I know to some people outside of the two correspondents.

Sir WILLIAM MEREDITH: By whom?—A. I don't know, sir.

[Joseph Wesley Flavelle.]



Mr. JOHNSTON: Do you know whether they have been discussed publicly in the House?—A. I do not.

Q. Sir WILLIAM MEREDITH: What about the letter of Mr. Hichens? That is to whom?—A. That is a letter passing between the General and Mr. Hichens.

Q. How does that come into the possession of your Board?—A. It was not to me.

Q. Written by whom?—A. By General Hughes.

Mr. NESBITT: It would be a copy?—A. Copies.

Sir WILLIAM MEREDITH: That is not the document spoken of in the course of the inquiry?

Hon. Mr. DUFF: No, that was a letter to the Shell Committee.

Sir WILLIAM MEREDITH: Exercise your best judgment as to what is wanted, and let us see them.

Mr. HELLMUTH: After the Commissioners have seen them, they will advise whether the whole or any portions of them should be admissible; there may be some questions to ask about them?

Sir WILLIAM MEREDITH: Oh yes. Mr. Flavelle will be troubled to that extent.

Mr. HELLMUTH: If you come to the conclusion that the whole of the letter or the letters are admissible, there is no difficulty, or if you come to the conclusion that none of the letters are admissible, there is no difficulty. But if the Commissioners come to the conclusion that there are portions of the letters which are admissible, would it not be well to have Mr. Flavelle copy those portions out and let us have those particular portions?

Sir WILLIAM MEREDITH: You will have somebody else to-morrow. What is the use of having these copied in advance?

Mr. HELLMUTH: When you have decided, we can do that, so that we can have them before we abandon them, and know what they are. I have not the letters, myself.

Mr. JOHNSTON: I will either go on, or not go on.

Mr. HELLMUTH: My learned friend says he either goes on from these letters, or does not go on. Is he going with any other examination now?

Mr. JOHNSTON: No.

Sir WILLIAM MEREDITH: Your examination is concluded, unless the letters go in in full?

Mr. JOHNSTON: No sir, I want to examine, from the information I will get from these letters if they are produced, and in regard to collateral matters of which I am advised. I dare say if General Hughes was in the box he would tell us the whole thing, but it raises a different question now.

Mr. HELLMUTH: Can you not go on with any of these other matters?

Mr. JOHNSTON: I would rather not go on. I may not want to go on after the letters are in. You will take some time perhaps to discuss these matters, anyway.

Sir WILLIAM MEREDITH: Were the letters written with your own hand, or by a stenographer?—A. A stenographer. They did not pass out of my office.

Sir WILLIAM MEREDITH: Have you any questions to ask, Mr. Ewart?

Mr. EWART: I would prefer to wait, sir.

Sir WILLIAM MEREDITH: Go on with what is fresh in our memory. It is just as well to examine upon that.

I did not ask Mr. Carvell; he generally intervenes after Mr. Johnston.

Mr. CARVELL: I am somewhat in the same position as Mr. Johnston. However, perhaps I might be permitted to ask one question in order to see how far I can go.

*By Mr. Carvell:*

Q. Can you give me a list of all the manufacturers in Canada who produced the shells that formed a part of the five million contract; you can answer yes or no?

Mr. HELLMUTH: I submit that that is not a matter for this Commission to inquire into.

Sir WILLIAM MEREEDITH: Don't you think you had better wait until we get the answer? You do not know what it will be. We might save a lot of time by that means.

WITNESS: I don't think it would be possible to identify them all. You see, under the basis of manufacture in Canada of munitions, contrary to the practice in the United States or in England, with rare exceptions the Board purchases the raw product, and they contract with various manufacturers to machine and assemble parts belonging to the shell. Now, in the shrapnel shells and the high explosive shells, which constituted the five million shells under this contract, we have between probably forty or fifty, and it would be quite impossible to determine which particular contractors for shells entered into the particular five millions that might be shipped under that contract. We lose all signs of identification in that respect, as we go forward.

Mr. CARVELL: Let us go back a little. I know you were not connected with the Board at the time these contracts were let, but doubtless you were well acquainted with the methods of bookkeeping and of the records found in your office, would you be?—A. Yes.

Q. We spent some time this morning going over correspondence which led up to the contract for the five million shells, and I think I am stating it correctly when I tell you that the contract was completed, it was either the 27th or the 28th day of April, 1915.

Hon. Mr. DUFF: You mean the contract with the War Office?

Mr. CARVELL: The War Office finally gave authority—I had better put it that way—that on the 27th or the 28th day of April, 1915, the War Office authorized the Shell Committee to proceed with a contract for five million rounds of practically fixed ammunition, that is, completed ammunition, one-third to be 18-pounder, one-third to be 18 pounder high explosive, and one-third to be 4.5 howitzer (I think in the case of the 4.5 howitzer the propellant was not included) but otherwise they were complete rounds of ammunition. Would your books not show what companies or concerns received orders we will say just for machining and assembling those particular five million rounds of ammunition, those five million shells?—A. I would not expect they would. You see, when we received an order from the War Office or from the Ministry of Munitions, it is identified by an order number, and the shipments which go out against it are identified against an order number. But if we buy steel of various manufacturers, if we have it forged, if and when we buy copper bands or resin, or bullets—

Q. Pardon me a moment; my question referred to the machining and assembling?—A. Very good. If we buy the steel that enters into the machining, for the purpose of machining all the other component parts, we have no means of identifying that those particular parts go into a particular contract. We cannot identify them with an earlier number. It would be possible that if a contract were received at a specific date, and we asked twenty, thirty, forty or fifty firms to contract for the machining and assembling represented by such a contract, it would be quite possible to identify at the moment if the memorandum was kept that at the date the contract was let certain firms received orders for shrapnel, or 4.5 howitzer, or 18 pounder high explosive, but we keep no record of that, unless it be in the form of a memo.

Q. Let me ask a question a little nearer the point I have in mind. Assuming that a contract had been let to John Bertram and Sons on the 15th of May, 1915, for the machining and assembling of a certain number of 18-pounder high explosive shells, [Joseph Wesley Flavelle.]

wouldn't your books show whether or not that contract came out or formed a part of the contract for five million shells?—A. If John Bertram and Sons, during the period between the time the order was received and assembled had a memo kept we would know, but if they did not, then we could not say whether it was from that one or another one.

Q. But wouldn't your books show that that order was given as part of the five million shells?—A. No. They would show a memo possibly when they were making up, at the time they were covering their order, that they received a number of tenders from a number of different people, and they might have a memo indicating who received the order against that particular order. But as a matter of fact we lose all identity of the particular manufacturer as regards the filling of an order other than the gross shipments will aggregate the gross volume of orders.

Q. Suppose now—I know you were not there at the time, but you must have some knowledge of the method of bookkeeping—you have the knowledge of course that four of the gentlemen who formed the Shell Committee assumed that they were contractors with the War Office; you have that knowledge?—A. I understand so.

Q. And you have the knowledge also that General Bertram claims that up to a certain time he had received somewhere between twelve and thirteen million dollars, and it is also in evidence that at the time they went out of office that had their contracts been completed, they had saved something like thirty millions of dollars; wouldn't there be some book-keeping in that office to show what became of the five million completed shells, in order to show what the profit or prospective profit would be when the business was completed?—A. Clearly, but not necessarily an identification of a particular shipper with a particular contract.

Q. But if that be true, wouldn't there be some way of finding out who furnished the whole of the five million shells or cartridges?—A. Permit me to answer it in this way. At the same time we might be shipping, the same week we were shipping fixed ammunition we would ship also empty shells. The products that are going out, we do not make any attempt to identify the particular shipment with the particular destination to which it goes. We are satisfied to get the clearance of it from the manufacturer, represented by an invoice. We could trace back individually whether shells from a particular plant were sent to a loading plant, where they would be loaded with powder; but we make no attempt to keep track of these records as part of our system of bookkeeping.

Q. I don't know whether you are thinking along the same lines as I am or not. You are talking about delivery of shells, and I am talking of that there must be an order given a manufacturer to manufacture and deliver a certain number of shells?—A. Surely.

Q. And if an order was given to Bertram and Sons on the 15th day of May—that is an assumption of course there would be a written document of some kind, or a written record of some kind in your office, showing that that order was given?—A. Undoubtedly.

Q. Wouldn't there also be a record showing whether they came out of the order from the War Office for five million, or some future or subsequent order?—A. It must come out of some of them, undoubtedly, but not identified necessarily with them.

Q. Would your books show whether or not the Electric Steel and Metals Company got an order on the same day for machining and assembling a large number of 18-pounder high explosive shells?—A. They would show that.

Q. I suppose I will get the same answer—I will ask it, however—would it show you whether that order came out of the five million order, or some other order?—A. It would depend entirely upon looking back on the records whether the unallotted orders at that time represented only those five million, or whether there was a body of orders that had not been placed—let me explain it so that you may get the point of view. We may receive instructions to let contracts for a million shells. At the

time we receive it, we may have unlet portions of 500,000 from the previous authorization, which we are holding against renewals. When these orders go out, we are not particular to inquire whether they belong to "A" order or belong to "B" order in their origination, but whether the total number which we authorized to be machined and assembled was in the aggregate the total number that we authorized to issue.

Q. Very good. Would your books show whether or not on the 27th or 28th day of April you had an allotment of 100,000 18-pounder high explosive shells from a previous order from the War Office that had not been given out to some contractor?—A. I think our records would show that.

Q. When you come here on the next occasion I will ask you some more questions along this line, and I would like you to bring the records and whatever information you can get.

Sir WILLIAM MEREDITH: Do you mean your present way of doing business as a Munitions Board, or as a Shell Committee?—A. I would think, speaking under reserve and not knowing intimately the details of it, that we could fairly well ascertain whether a contract given on a certain day for an important quantity represented a contract which was applicable or which originated because we had received authority to issue a certain number of orders. But we do not attempt to ear-mark them, as it were.

Q. Would that be applicable to the Shell Committee's transactions as well as to those of the Imperial Munitions Board?—A. I think so.

Mr. HELLMUTH: In reference to that, if Mr. Flavelle has to do it, he will do it, if that information is desired for the purpose of showing what particular profit or loss accrued to Colonel Cantley, Colonel Watts, General Bertram or Mr. E. Carnegie upon the manufacture of any component part of the five million shells. I submit notwithstanding what was said by the Commissioners at another stage of these proceedings, that it is not the subject matter of this investigation. What it means therefore is that if that matter can be inquired into, then the profit or loss made by every sub-contractor on any socket, plug or portion of the component parts that went to make up those five million shells is open to this Commission.

Hon. Mr. DUFF: Did we go so far as that?

Mr. HELLMUTH: I don't know that you did, sir.

Hon. Mr. DUFF: I think we said that that might or would stand in a different category, and that we were not passing upon the question.

Speaking for myself, what I had in my own mind at the time was, the difference between the cost to the Committee and the War Office price, that is to say, the difference between the cost to the Committee of component parts, and the War Office price of the order. That would involve perhaps on close analysis the getting of the prices. But I certainly did not intend to express any final opinion. The point did not arise. There was no final decision upon it. I did not intend to express an opinion upon the point.

What I was going to say is that there are perhaps aspects from which those possible lines of inquiry with regard to the five million shells might in special circumstances and for special purposes be admissible; but if it is merely for the purpose of getting at the particulars of the sub-contracts, then, subject to anything that may be said the other way, I cannot see that it is really relevant to this inquiry.

It may be that a particular instance might be properly brought out for the purpose of cross-examination, to test some particular thing.

There is another point of view from which perhaps it would in part be relevant, although I doubt if it would be of any use whatever, and probably the inquiry would be rather burdensome, and that is, it is difficult to say that it would not be irrelevant to ascertain whether or not on the contract prices of the fuses in question, that is to say, under the prices fixed by the contracts of the 19th of June, having regard

[Joseph Wesley Flavelle.]

to the cost of the other component parts of the shells, the total cost of the five million shells would have exceeded or would have fallen below the War Office price. If they had been finally completed, I think it would be difficult to exclude an inquiry of that kind as irrelevant.

It strikes me that excepting those two matters, we are getting outside the scope of the Commission.

Mr. HELLMUTH: I had not quite finished what I desired to say in regard to that.

Let us assume that the Committee or General Bertram fixed the price, as he has said he did in many instances with Colonel Carnegie for any specific component part; assume that he fixed that at \$5, or \$4, or whatever it may have been, I submit that it is not a matter of inquiry how much or how many of those \$5 or \$4 articles came from Colonel Cantley, General Bertram, Mr. Carnegie or Mr. Watts' companies or from any other companies. That is not the purpose of this inquiry at all, nor whether one of those manufacturers or all of them made large profits or whether they suffered great losses.

That would mean a wide commission inquiring generally into every action of the Shell Committee. This is limited to these four contracts. My submission is that you cannot do anything but to see what the purport or intent was; it was whether these contracts, that there had been in relation to the charges that were made improper conduct in regard to their letting. It is not in regard to whether there was improper conduct in regard to the letting of any of these others, and I cannot see how if we are going into that that we can limit it to the four manufacturers. Everything can be gone into.

Hon. Mr. DUFF: Unless there are exceptional cases in which the proper foundation may be laid.

Mr. HELLMUTH: But Mr. Flavelle is asked to go and get a statement which I submit he should not prepare, because it leads to an opening of the whole matter of the Shell Committee's dealings. I am quite ready, if the Order in Council provided for it, to be prepared to take it up. But I have a limited authority, and it is my duty to point out that this matter is not before the Court, not before the Board, and I am going to take that position whenever it occurs to me that we are embarking upon an inquiry which will lead us beyond the scope of the Order in Council, and which really is endless.

Hon. Mr. DUFF: It might be suggested, Mr. Hellmuth (and this suggestion did occur to me before), that a certain attitude of the members of the Shell Committee at one time might on a certain construction of the Commission justify an inquiry into the difference between the cost of the parts to the Shell Committee and the War Office price as profits of the manufacturing members of the Committee. But speaking for myself, I have no doubt that that would be a very extreme construction and outside the intent of it.

Mr. HELLMUTH: Suppose it had come out here that they had made profits, it would not be within the scope. You might think it should be investigated, but it is not within the four corners of the Commission.

Mr. CARVELL: I presume I may be looking at this from a little different standpoint from that of other gentlemen around the Board this afternoon.

Hon. Mr. DUFF: What I said is subject to anything you have to say, you know.

Mr. CARVELL: I appreciate that, sir. I have no hesitation in saying that for some months I have been endeavouring as best I could to have a very thorough investigation into the doings of the Shell Committee. Now I realize the fact that the actual reference to this Commission is very much restricted, very much more restricted than I would like to have seen it.

Hon. Mr. DUFF: I don't know what you mean by an unrestricted commission.

Mr. CARVELL: This is very much restricted, anyway. This matter came up on the examination of Sir Alexander Bertram by Mr. Johnston, page 375, and Chief Justice Meredith gave the ruling which I read yesterday, as follows: "As I understand what you have said, if there is a full price \$16.50, part of it only the fuse, the ruling would not prevent you going into an inquiry as to the rest of the \$16.50, whatever it is."

I brought this matter up in the House, I think it was the very day after—this was May 4th, it must have been May 5th. I have not the discussion here because I did not imagine, in fact I did not know that Mr. Flavelle would be on the stand this afternoon, and therefore I have not Hansard here, but I do recollect that either the Premier or the Solicitor General in discussing the question referred to the ruling of Chief Justice Meredith, and it seemed to be the impression, according to my recollection of it, that this was sufficiently wide to give us the right to go into this matter, and therefore it was not necessary to extend the powers of this commission to any extent. If the contracting members of the Committee will take the ground that "We are contractors, we agreed to furnish these goods to the British War Office at \$16.50, or whatever the prices might have been, and we are entitled to the difference between what they may cost us and that price, and that it is nobody's business," I do not want to go any further, because that settles the whole matter; if they are absolutely contractors for a price, if they can go out and buy for one-half they are getting it is a good business transaction on their part; but the difficulty is that these committee men do not take that attitude. I think every one of them—Mr. Watts came pretty near going that far—but they all admit that from the beginning—

Sir WILLIAM MEREDITH: I do not think that is quite fair to single out Mr. Watts; I am sure you do not mean to be unfair. Mr. Watts made it perfectly clear that he never thought of claiming any portion of the profits.

Mr. CARVELL: I hope I have not intimated for a moment that Mr. Watts would claim the profits.

Sir WILLIAM MEREDITH: He spoke of what he understood to be the legal position.

Mr. CARVELL: Most certainly, I do not mean to intimate for a moment that Mr. Watts ever intended to take a cent of it.

Sir WILLIAM MEREDITH: Your observations might lead some one to think there was some wrong-doing on his part.

Mr. CARVELL: I am very much obliged for the reference, because I do not intend to leave any such idea. I thought Mr. Watts came near the point that legally they had an absolute right to the \$16.50, but I think that Mr. Watts made it perfectly plain that he never intended for a moment to get a cent of it; if I recollect his evidence, his wish was that they might gather this money together in a lump sum and hand it back to the War Office and say "We have saved so much money for you."

Hon. Mr. DUFF: As far as they went, three members of the Committee took this position, Colonel Carnegie, General Bertram and Mr. Watts, that so long as they supplied the munitions at the price and according to the conditions of the War Office tenders then they were to be their own judges as to the method by which they did it and the prices at which they let the contracts.

Mr. CARVELL: Yes I think that is so; but they all claimed, however, that whatever the balance might be it was to go back to the War Office.

Hon. Mr. DUFF: Undoubtedly.

Mr. CARVELL: My contention is that the balance is not as big as it ought to be, and that is what I have been contending for the last three months, and I may as well be perfectly frank about it; I would like to go into the contracts so far as the furnishing the materials for the five million fuses are concerned only with reference to the four contracting members in order to show that the amount of money going back

[Joseph Wesley Flavelle.]

to the War Office is not as big as it ought to be by so many hundreds of thousands of dollars and I could almost put it in seven figures; that is what I have in mind, and that is the object I have in bringing this matter up.

Hon. Mr. DUFF: What you suggest is not a subsidiary inquiry merely for the purpose of throwing light on the question of these particular fuse contracts themselves, but a substantive inquiry into all the contracts for materials that went into the making of the shells in connection with this five million order?

Mr. CARVELL: Yes, that is my contention.

Hon. Mr. DUFF: That is a very frank statement, and we know exactly where we are.

Mr. EWART: I would like to put it in my way. For these completed shells fuses were necessary and other parts were necessary. The Committee ordered fuses from the two companies in the United States, and they ordered the other parts from other companies, and they ordered various other things not in connection with these contracts from other people; and the only question is which of those three classes of contract is the subject of inquiry here. Very clearly the question of the contract with reference to fuse is referred here. Is there any reference as to the other component parts that went into the shells, to inquire as to them, any contracts with reference to them? No, there is nothing, nor is there any with reference to any other munitions of war. The one thing is in connection with the fuses. The fact that those fuses afterwards formed part of a whole into which other parts entered does not seem to me to widen the scope of the Commission so as to enable us to inquire into contracts connected with the rest of the component parts. I think Mr. Carvell has put himself completely out of Court when he says that the object of his inquiry, the object of the question now is, not to inquire merely as to these fuse contracts, but to show that the balance of thirty-four millions of dollars which the Shell Committee claim to have saved underneath the War Office prices, ought to be very much larger than it is, which is of course to say that all the transactions of the Shell Committee in every particular down to the minutest fraction are to be inquired into.

Mr. JOHNSTON: I am very anxious to get the opinion of the Commissioners, because it is a matter of evidence which I think is important. Let me read for a moment what has been decided, on page 375, and I am dealing with the contract 1st October:—

“Sir WILLIAM MEREDITH: That is excluded except to these four contracts that were—

“Mr. JOHNSTON: I am speaking now about 1st October, 1914—

“Sir WILLIAM MEREDITH: As I understand what you have said, if there is a full price \$16.50, part of it only the fuse, the ruling would not prevent you going into an inquiry as to the rest of the \$16.50, whatever it is.”

Sir WILLIAM MEREDITH: That is what Mr. Carvell read yesterday and to-day.

Mr. JOHNSTON: Yes. Hon. Mr. Duff says here (page 375): “That is with regard to the five million.”

On the next page the same question is put in a different way in which the statement is made that we must be confined within a certain limit—

Sir WILLIAM MEREDITH: What is the object in reading this? This is an argument now as to what is the right ruling. As far as I am concerned, whether that was a specific ruling, it does not make the slightest difference to me; if new argument satisfies me it is not admissible I am going to so decide. I don't think what I said then is open—it may be—I do not think it is fairly open to the interpretation that left it open, as Brother Duff said, until that question rose.

Mr. JOHNSTON: That is the way we read it; we may have been mistaken in reading it that way.

Hon. Mr. DUFF: You may have been justified in reading it that way.

Sir WILLIAM MEREDITH: Yes.

Mr. JOHNSTON: I think the principle on which the matter has been discussed by some of the counsel is not the ordinary principle; this is not an ordinary piece of litigation between A. and B. in which technical rules are applied, examinations in chief conducted in a certain way and cross-examinations, they are all practically cross-examinations; there is no question of the form of the admission of the evidence in any shape; why? Because it is a large public matter, it is a matter in which the public ought to get the information if they can without being restricted in any way by merely technical rules of evidence.

Sir WILLIAM MEREDITH: You have had that evidenced every day we have been sitting.

Mr. JOHNSTON: Certainly, and I ask now that we are directly within matters touching the issue that in the public interest we ought to be allowed to show—

Hon. Mr. DUFF: Mr. Carvell with frankness put the position in this way, and I want to be quite clear that you concur in that way of putting it, that you do not desire to go into this as subsidiary merely to the inquiry into the fuse contracts, that it is not a question of evidence strictly outside the scope of the fuse contracts to affect the fuse contracts that you desire to go into, but that you desire to inquire substantively into the contracts for materials and parts other than fuses which were to go into the composition of the shell to make up these five million shells.

Mr. JOHNSTON: Yes.

Hon. Mr. DUFF: You see that being the position your last observation has no particular relevancy; I want to make that very clear.

Mr. JOHNSTON: Yes, I think it has this, I submit; you have five million shells to deal with; they are to be completed including fuses; there is no price for fuses named in the original War Office statement.

Hon. Mr. DUFF: Quite so.

Mr. JOHNSTON: In order to get at what these fuses really are worth, we take the \$16.50, or whatever the amount is—

Hon. Mr. DUFF: But I think it was suggested that if you wanted to show that taking the fuses at the contract prices and the other parts at the prices paid for them, the total cost of the completed projectile or the completed munition would be more or less than the War Office price, then it would be very difficult to say that that would be irrelevant, however useless it might be. But Mr. Flavelle puts it very plainly that that is not what he wants to do. He wants to inquire into these contracts for parts and he wants to inquire into them with reference to the individuals that took the contracts and so on.

Mr. HELLMUTH: I would be very sorry that it should appear that the counsel for the Government was taking technical objections; I have taken no technical objection since this Commission started, but I shall at all times take objections to going outside the scope of the Commission. I admire very much the perfectly frank way in which Mr. Carvell has stated the object that he has, and I think that in that sense it might be most interesting if the scope of the Commission allowed it, but in that sense it is certainly not permissible, and it is the only sense in which it could be of any benefit.

Sir WILLIAM MEREDITH: In order to interpret this Commission one must use his common sense. The charges that were made involved the suggestion, perhaps the direct charge, that these four contracts, or some of them, were dishonest contracts, entered into for the purpose of allowing somebody to profit at the expense of the Imperial Government where a profit ought not to have been derived; that is the

[Joseph Wesley Flavelle.]



subject of the inquiry, and anything that is relevant to that inquiry nobody ought to object to receive. But one cannot also shut his eyes to the fact that the Government and Parliament, whether rightly or wrongly, that is for the public to judge, have refused to extend the inquiry beyond these four subjects; and I think it would be acting most improperly if we permitted, if we permitted by a side wind, that investigation to take place, or to allow evidence that we were not satisfied was clearly relevant to the question we have to determine, namely, whether with reference to these four contracts there was improper influence by anybody and unfair treatment of the Imperial Government. Anything, as I say, that can fairly be said to relate to that should be inquired into up to the hilt, but I cannot for the life of me at present see what difference it makes as to that question whether the Shell Committee let a contract to its members for five dollars when they ought to have done it for two dollars, because that of course is the object of the inquiry, to show that the contracting members of the Shell Committee put public money into their pockets that they ought not to have taken.

Mr. JOHNSTON: All this discussion has drawn away from the little point I had with my friend Mr. Flavelle; that does not apply to my case.

Sir WILLIAM MEREDITH: Have the other gentlemen anything to ask Mr. Flavelle?

Mr. NESBITT: I wanted to ask Mr. Flavelle a question or two.

Q. I may say, I think I understand what you have in your mind, the practical matter, Mr. Flavelle, I wanted to get it on the record if it is as I understand; you remember you spoke in the early stages of your evidence of the letting of an unloaded fuse contract at \$2.42?—A. Yes.

Q. Say \$2.40, I am not particular about that; and that practically within a week you let another contract at \$2.75 for practically the same article?—A. Yes.

Q. And Mr. Hellmuth expressed surprise that you should have—

Mr. HELLMUTH: I hope not.

Mr. NESBITT: By his tone; that you should have lost the public 35 cents; I think I understand perfectly what was meant, but I would like you to make it a little more clear why, for instance, if you contract with A for a million fuses at \$2.40, no matter what the urgency is, that you contract with B for a similar million at \$2.75 instead of saying to A "We will give you the two millions, and double up on your order for machinery," in other words he could order the same machinery as B, he can order twice the quantity; they can go to the same people—explain why you say you did that? A. Two reasons; there was the capital available for the larger operations by the firm in question; it was putting the eggs all in one basket, which did not seem desirable.

Q. You know what is said that you sometimes ought to do that and then watch the basket?—A. Well, probably it is better not to put them in, and then you won't have to watch it so hard.

Q. Go ahead?—A. It purely arose from the exercise of the best sense a body of men had how to compass the obligation that lay on them to produce fuses.

Q. To get out shells to hit the Germans, is that it?—A. To produce fuses for that purpose; everything else was subordinate to that.

Q. It was much better, as I understand it—supposing one firm would say \$2.50 and another firm said "We cannot do it under \$3,"—to double your chance of getting your shells to the front than to stick to \$2.50?—A. Yes, or if we believed the firm that gave \$3 was better qualified than the firm that gave \$2.50, the \$2.50 would not count very much with us in the light of the possibility of getting a contract for it.

Q. The first involved the idea of doubling your chances, or having two sources of supply?—A. Yes.

Q. The second is that the mere tender at a figure \$2.50 as against \$3—if on your best judgment in looking into the qualifications of the producer you thought that \$3 was likely to get results and the other would fall down you would pay \$3 every time?—A. Unquestionably.

Q. And not pay attention to picayune criticism as to the cost?—A. The supreme duty is produce munitions so as to have them available, and our first duty—

Q. At the earliest moment?—A. Yes; and our first duty is to seek to place contracts where we believe they will be completed; we may make a mistake.

Q. In other words you exercise your judgment as to the person to produce?—A. Yes.

Q. The price is a subsidiary question every time?—A. Yes.

Mr. JOHNSTON: That has been discussed again and again; I do not know that anybody has objected to it.

Mr. NESBITT: You do not read the papers, some of your instructors' statements—I mean not here. I want the newspapers to thoroughly understand the principles that govern.

Q. You were speaking of the American Locomotive Co. and the facilities that threw open to you?—A. Yes.

Q. They were manufacturing the 85 fuse, were they not?—A. Yes.

Q. They were not making an 80?—A. No.

Hon. Mr. DUFF: Whom are you speaking about?—A. The American Locomotive Co. in the United States.

Mr. NESBITT: No company practically up to date on this continent has been really successful with the 80?—A. I do not believe I can answer that; I do not know whether the Scovill people have made an 80 or not.

Q. 85?—A. I cannot answer that for I do not know.

Q. In other words, may I put it this way, not alone relating to time fuses, but generally as to munitions; for want of previous knowledge or preparedness, if you may so express it, you have found the situation on this continent most disappointing have you not?—A. Yes.

Q. Labour unskilled?—A. Yes.

Q. Machinery on which labour could labour unready?—A. Yes.

Q. The product not up to specification, not standing tests?—A. Yes, that is true.

Q. In other words this continent was a peaceful continent and has not even yet found itself in the way of getting munitions?—A. I think that is fair.

Q. And so far even with all the experience of nearly two years of war, as I understand it, your Board has not seen its way clear to the letting of the loading of time fuse in Canada?—A. No.

Q. And what your experience will be with the new loading plant that you are building is in the lap of the future?—A. Yes.

Q. Your troubles are all to come?—A. Possibly.

Q. I mean the troubles as to passing inspection and gun fire?—A. Yes, we have to demonstrate.

Q. And we have been told—I don't know whether you have followed the evidence—my learned friend Mr. Atwater's clients, the International Arms and Fuse Co., have collected what is supposed to be a wonderful Board of experts and yet they have found very great difficulties; that you know to be the fact?—A. Yes.

Q. So that when you say you think your loading plant will be ready by June you have yet to ascertain whether when it is ready you will not have the same experience that the American loading plants have had, practically 100 per cent of rejections?—A. We have to learn our experience.

Mr. JOHNSTON: Is not this rather dangerous information to the Germans?

Mr. NESBITT: Yes. I suppose you want it to be.

Mr. JOHNSTON: No, I am not offering it.

Sir WILLIAM MEREDITH: Order.

[Joseph Wesley Flavelle.]

Mr. NESBITT: Let me see if I understand the different functions between your Board and that of the Shell Committee. As I understand the Shell Committee acted under the War Office?—A. Yes.

Q. And the War Office apparently did not desire to experiment with Canadian manufacturers until they had some person ready to name a price at which the product would be delivered to them?—A. I do not know.

Q. That appears by the records?—A. I do not know that; I do not know what the War Office think on that.

Q. You have seen the correspondence.

Sir WILLIAM MEREDITH: I do not think you should ask his judgment.

Mr. NESBITT: Then came in England the change from the War Office to the Minister of Munitions, Mr. Lloyd George, who got complete charge of the production of munitions, as I understand it?—A. Yes.

Q. And subsequently to that your Board was appointed just the same as the Munitions Board in England to act with the direct authority of the Minister of Munitions in England?—A. Yes.

Q. And with authority to bind him?—A. Well, it is presumed so.

Q. What I mean to say is you do not name a price to him, but you exercise your judgment and get the production at the prices you can here, there, and everywhere?—A. No, we submit values to him.

Q. Even still?—A. Yes. There is some discretionary power given, but we submit that—

Hon. Mr. DUFF: You do not know the date when the change was made, from the War Office to the Ministry of Munitions?—A. No, I do not.

*By Mr. Ewart:*

Q. Did I understand you Mr. Flavelle to say that in last December the Russell Motor tendered \$2.42 for unloaded time fuses?—A. \$2.75.

Q. I thought you said they tendered \$2.42?—A. No, a competitor tendered \$2.42.

Q. And then did that competitor get the contract at \$2.42?—A. For one million.

Q. At \$2.42?—A. Yes.

Q. He was not put up to \$2.75 equal with the other?—A. No.

Q. At the same time it was a difference of 33 cents between the two?—A. Yes, there were two contracts at \$2.75 and one contract at \$2.42, each of them for a million.

Q. You refer to a conversation you had with Col. Cantley at the time of the transition from the Shell Committee to the Munitions Board with reference to the legal position of the four manufacturers, you remember referring to that conversation?—A. Yes.

Q. In which you said that Col. Cantley indicated that in his opinion legally they were entitled to the profits?—A. I don't think I said that; there might be a question as to who would have the profits.

Q. Col. Cantley has indicated to us here that the purpose of raising that question at that time was in order that they might have the privilege, as he expressed it, to hand over to the War Office the amount that they had saved; was that what you understood from your conversation with him?—A. My conversation with Col. Cantley was really a private conversation in which he and Mr. Hichens and myself took part, and it was a mere incidental reference by him covering the matter under discussion as to whether there was not a question as to the profits which had been made between the contract price and the War Office authorization, and whose right it was.

Q. Was it on that occasion that Col. Cantley indicated that the reason for raising the question was that these four desired to have the privilege of handing over the money?—A. There was no discussion about it; it was a simple statement that he made.

Sir WILLIAM MEREDITH: Was he taking the position at that time that they would not hand over the money?—A. Not at all. I would leave an entirely wrong impression, your Lordship, if I indicated that Colonel Cantley showed the least disposition to be selfish or hard or unreasonable. He was rather preferring a request which is not covered by the scope of this inquiry, and when it was not possible to accede to it he indicated that there might be a question on the legal side into whose possession it might come, and I answered it because a specific question was submitted to me.

Mr. HELLMUTH: Do I understand that Mr. Flavelle will come back at any time after the Commission have ruled upon these letters, and that then the examination can be proceeded with, assuming that in any event, if my friend Mr. Johnston wants to go on and if the letters or any portions of them are in, then that it can be proceeded with upon that; but that so far as preparing or attempting to have him prepare the statement that has been asked for, that need not be got.

Hon. Mr. DUFF: We ruled on Mr. Carvell's question.

Mr. HELLMUTH: Against it.

Hon. Mr. DUFF: Yes.

*By Mr. Atwater:*

Q. You spoke, Mr. Flavelle, in the early part of your examination of some reports which had been made to you with regard to the International Arms and Fuse Company by Mr. Gordon; I take it you have no personal knowledge yourself of their efforts to carry out their contract?—A. None.

Q. And I think you told us you had never visited their plant?—A. No, I have not.

Q. You spoke of having obtained certain assistance or information, not you, but Mr. Hathaway, I think you told us, from the Baldwin Locomotive?—A. The American Locomotive Company.

Q. Do you know whether Mr. Hathaway did not ask for information from the International Company?—A. I think they afforded any information that was available; I should judge there was no disposition to hide anything from them.

Q. And as a matter of fact a good deal of information was given by the International Company?—A. I would think so, although I do not know personally.

Q. The fuse you were to undertake to load at the works you are trying to establish here near Montreal is it 80 or 85?—A. 80.

Q. Similar to what is being made by the International?—A. Yes.

Q. But not the same fuse as being made by the American Locomotive Company?  
—A. Not the same.

(The Commission adjourned at 5 p.m. to 10.30 a.m. to-morrow, May 17, 1916.)



# ROYAL COMMISSION.

SEVENTEENTH DAY.

MORNING SESSION.

OTTAWA, Wednesday, May 17, 1916, 10 a.m.

Mr. HELLMUTH: I don't know whether the Commissioners have come to any decision about the letters.

Hon. Mr. DUFF: You do not contemplate using that in connection with Mr. Gordon?

Mr. JOHNSTON: I would not think that Mr. Gordon would have anything to do with that. I think they are personal to Mr. Flavelle. You have the letters I suppose?

Hon. Mr. DUFF: Yes.

Mr. JOHNSTON: Would you note this in considering the matter: There is a letter of the 24th of January particularly to which I would refer from Mr. Flavelle to General Hughes with reference to this contract for the graze fuses, and the reply. I did not specify them because I did not know the dates, but I have since been informed that there is a letter of that kind giving the dates.

Hon. Mr. DUFF: Yes.

CHARLES B. GORDON sworn and examined.

*By Mr. Hellmuth:*

Q. Mr. Gordon, you are a member of the Imperial Munitions Board?—A. Yes, sir.

Q. And Vice-Chairman, I think?—A. Yes, sir.

Q. And when did you join the Imperial Munitions Board?—A. About the first of December.

Q. Yes, and Mr. Flavelle has stated that you were the gentleman who paid especial attention to the fuse contracts. Is that correct?—A. Yes, sir.

Q. You familiarized yourself, I assume, at the outset with the nature of those two contracts?—A. Yes, we had copies of them. I became familiar with them.

Q. Let us deal with them individually. Was there any default in delivery according to the times fixed by the contract with the International Arms and Fuse Company when you took it up? Were they behind?—A. Yes.

Q. To what extent were they behind?

Sir WILLIAM MEREDITH: I see that Dr. Flavelle is here, perhaps he thinks he is required. If he is not, he probably has other business to do.

Mr. FLAVELLE: I have indeed.

Mr. HELLMUTH: We will let you know if you are required.

Q. I was asking you, Mr. Gordon, to what extent they were behind?—A. I think both contracts—

Q. Deal with the International Arms and Fuse Company?—A. It called for delivery to commence, I think, November the 19th at the rate of 5,000 per day.

Q. And there was practically no delivery at that time?—A. No delivery at that time.

Q. There had been none?—A. No, there had been no delivery.

Q. Then, what was the first action taken by the Imperial Munitions Board either verbally or in writing with the International Arms and Fuse Company?—A. Colonel Carnegie and I went to New York and visited their plant at Bloomfield, the loading plant.

Q. About what time would that be?—A. Early in December.

Q. You went together?—A. Yes.

Q. Let me ask you just what was your particular line if I may, before you came into the Imperial Munitions Board?—

Sir WILLIAM MEREDITH: Several.

Mr. HELLMUTH: I will take several.

—A. President of the Dominion Textile Company, and the Penman's Manufacturing Company, Director of the Bank of Montreal—

Q. So you had a very considerable knowledge both of business and of financial matters. You need not be too modest; there is no question about that, is there?—A. I have had some experience in manufacturing.

Q. I do not assume that you were a fuse expert?—A. No.

Q. And had you, up to the time you went with Colonel Carnegie to the Bloomfield assembling and loading plant had any previous knowledge in regard to the manufacture of fuses?—A. No, sir.

Q. You both went down there together, and what did you ascertain, or did you meet the representatives of the company there? Did you meet Mr. Patterson or Dr. Harris?—A. Yes, we met—I forget whether Dr. Harris or Mr. Patterson, or both. We met all the members that happened to be at the plant that day.

Q. Did you state the object of your visit to them, what you had come down to find out, why they were behind?—A. No, I don't think we went for the particular purpose of seeing why they were behind; I think it was to generally post ourselves on the position of the contracts.

Q. You will say, "the contracts?"—A. The contract.

Q. At all events, to post yourselves as to the situation. I quite understand that. And what did you find was the situation then?—A. Well, I thought from what I saw of the plant that it would be a considerable time before they would be able to deliver in any quantity.

Q. You thought it would be a considerable time. I assume that was after looking at the plant and ascertaining in your best judgment the likelihood of an early delivery?—A. Yes.

Q. Did you inform Mr. Patterson or Dr. Harris that you thought it would be some time before they could deliver?—A. Well, I don't know that I did, not officially. I gave them to understand that I thought they had a great deal to do before they got to the point of production, and Colonel Carnegie and I talked it over later when we got back to the hotel, and I told him my views.

Q. You thought there was a good deal to be done. Were they at work in the factory assembling and loading when you were there in December?—A. There was very little going on the first time.

Q. I suppose you looked over the plant itself?—A. Yes.

Q. Was it—?—A. They had spent a great deal of money on buildings and plant.

[Charles B. Gordon.]

Q. Machinery?—A. Yes, but from what I knew about the getting together of large numbers of help—

Q. Large numbers of what?—A. From what I knew of the difficulty of getting together large numbers of skilled help to do any kind of business, whether fuse making or otherwise, I knew they could not possibly get going there for some weeks.

Q. That is to say, you were not satisfied—I am not saying ordinarily dissatisfied—but you were not satisfied that they had sufficient skilled help there to get going?—A. They hadn't any there at that time except a few heads of departments.

Q. Then as a matter of fact at that time they were practically not doing any loading?—A. No. They hadn't any component parts at that time.

Q. So you would hardly expect them to have the labourers there?—A. Except for experimental purposes.

Q. There would not have been much object if they had all the skilled labour in the world unless they had the component parts to put together. Is that correct at that stage?—A. Yes.

Q. Was any explanation offered you as to why they had not got to work sooner, or been able to get to work sooner?—A. As far as I can remember, they explained that they had trouble with their sub-contractors, they had been slow in delivering the parts.

Q. Did you make any arrangement with them at that time in regard to delivery, I don't mean officially?—A. No.

Q. Tell them what you would like them to do?—A. No, nothing particular.

Q. Then you and Colonel Carnegie had a talk over the matter at the hotel?—A. Yes.

Q. Did you take the same view or did you differ?—A. Oh, I think we both agreed on the position.

Q. Then, Mr. Gordon, you came home I assume, came back here?—A. Yes.

Q. What action did you take after you came back?—A. I just reported in a general way to Mr. Flavelle and the rest of the Board that were present.

Q. And told them that it was not likely that you would get delivery for sometime of any quantity?—A. I thought it was a very urgent matter in view of the fact that fixed ammunition was coming forward that required these fuses, and we would not be able to use it unless we had these fuses.

Q. Did you communicate then with the International and say that it had to come or the contract would be cancelled? What action did the Imperial Munitions Board take whether officially or unofficially?—A. I went to New York almost immediately after that.

Q. The same month, December?—A. Yes. I went to Providence first. My object in going was not altogether to hurry the International because I could not see that there was anything I could do that would hurry them. We were then engaged in deciding as to how we should handle the balance of the contracts that had not been allotted, whether to build our own loading plants or not, I wanted information along those lines.

Q. Balance of what contract?—A. Fuse contracts that had not been given.

Q. That had nothing to do with the five million?—A. Oh, no.

Q. You had other fixed ammunition?—A. Yes.

Q. Providence, where?—A. Rhode Island. The plant of the American Locomotive.

Q. You went there before you went on the second visit?—A. I think it was the second visit.

Q. Was it before you went on the second visit that you went to them or did you go to the International first?—A. I went there on my way.

Q. And had the American Locomotive an assembling and loading plant?—A. Yes.

Q. For 80 time fuses?—A. No, number 85, a similar time fuse.

Q. Similar in many respects?—A. Yes.

Q. Had they done any of the 80 fuses?—A. No.

Q. Were they loading fuses then?—A. They were loading fuses at that time. That was where I became acquainted with the many difficulties of getting together an organization, because they had been at it then for a long time.

Q. Can you tell me at all how long they had been at it?—A. I think they had commenced about the April previous.

Q. That company (The American Locomotive Company) was a well organized concern?—A. Yes. But I mean for fuses. They had passed through a great many difficulties, and even at that time were only up to between 3,000 and 4,000 a day. So that I knew we had a very difficult matter ahead of us.

Q. You were dealing with the American Locomotive Company as possible suppliers of fuses to you?—A. No.

Q. You were not?—A. No. I went there as part of the business of establishing our own plant.

Q. You were considering even then the establishment of an assembling and loading plant here?—A. In Montreal.

Q. But in Canada?—A. Yes.

Q. Having been there, you went on to the Bloomfield plant?—A. Yes.

Q. Did you find that any change had taken place from the time that you had been there before, or were things in much the same position?—A. They were progressing. Things were a little further along.

Q. Had they got any more skilled help?—A. I don't think they had any component parts to speak of.

Q. You mean complete component parts?—A. Yes, complete sets.

Q. Were the American people making 85's for the British Government and the Allies, or for the American Government?—A. The American Government.

Q. Yes?—A. They were making a contract for Morgan for the British Government.

Q. They were making 85's?—A. Yes.

Q. Had you on the occasion you went to Bloomfield any further discussion with those in authority, that is, on the second visit to Bloomfield?—A. Yes. That was partly why I went. Every time I went we had many discussions.

Q. Did they explain to you the difficulties they had had, again; had you a further discussion about the difficulties?—A. Yes.

Q. Was Colonel Carnegie with you at that time, or were you alone?—A. Well I cannot remember whether he went to the plant with me or not. He started with me from here, but he went to inspect some other plant.

Q. Did he go to the American Locomotive Company with you?—A. No.

Q. Was any arrangement official or unofficial come to on your second visit to the Bloomfield plant in regard to time for deliveries, speeding up, or anything of that kind?—A. No. They always promised that they would do their best.

Q. Did you consider that they were doing their best, or that they were playing with you?—A. No, not that they were playing with us. They had been unfortunate in the selection of some of their sub-contractors, I think.

Q. But in respect to the loading and assembling?—A. They could not load and assemble without the parts. The component parts were the cause of the trouble.

Q. Some of their sub-contractors had fallen down, one may say?—A. Yes.

Q. Did you tell me you had made any definite arrangement with them of any kind, on that occasion in regard to deliveries?—A. You mean, in regard to an extension of deliveries.

Q. Yes.—A. No. In the contract the undelivered fuses became the subject of cancellation.

Q. Did you express to them that you intended to cancel, or to exercise your rights under the contract in regard to undelivered fuses?—A. No, I did not have to. The contract provided for cancellation.



Q. But of course you knew quite well——?—A. You mean, did I threaten them with cancellation?

Q. Yes.—A. I don't think I did at that time. I thought they should be given a reasonable time.

Q. Did they say anything about wanting an extension, then?—A. No. There was very little ever said with the International Arms and Fuse Company about extensions, until later.

Q. Is there any record of any request to the Imperial Munitions Board for an extension, by the International Arms and Fuse Company, or any answer to any such requisition?—A. I could not say.

Q. Well, who would know?—A. I can look up the records.

Q. You have not done so; you have not looked into that?—A. Not at the moment.

Q. Your recollection is that until very recently there had been nothing of that kind; isn't that so?—A. Yes, sir.

Q. Is that a matter at present under consideration, or has it been settled?—A. Well, it practically has been settled. It is not signed yet.

Q. But practically settled?—A. Yes, sir.

Q. And that does not provide (or am I right) for any cancellation of the deliveries that were not up to time; the whole 2,500,000, apart from what has already been delivered may be delivered by the International Arms and Fuse Company and paid for—isn't that the effect of the agreement?—A. Yes, if they do it within the time specified, within the delay now specified.

Q. If they deliver it within the time now specified the entire contract can be filled by them?—A. Yes.

Q. At the price of \$4.50, the original contract of the 19th of June provided for; is that right?—A. Yes, sir.

Q. Can you tell me whether you have been comparatively recently to the Bloomfield plant?—A. Yes. I have been there several times.

Q. What do you say as to their having skilled labour there now?—A. They have got a very good force there now.

Q. Are they turning out a very considerable quantity of deliveries from day to day?—A. Yes.

Q. Which fuses are, in great proportion at least, passing the gun proof test?—A. Yes.

Q. Are they at present living up to the extended period?—A. I have not got their proposals for this month really. I asked for them yesterday.

Q. Do you know whether they did in April?—A. They are not of course delivering in the quantities as provided for by the contract even yet, which was 20,000 a day after the 18th of January. It should have been done, but I have hopes now that they will carry out the contract satisfactorily from now on.

Q. Would it be correct to say that they did deliver as many as from 14,000 to 16,000 a day some days last month?—A. Yes.

Q. Can you tell me from your own investigation what the capacity is in regard to daily deliveries, in your judgment?—A. If they could get component parts there is no reason why the capacity at Bloomfield should not be worked up to 30,000 a day.

Q. Is that using double shifts, or one shift?—A. I think they could do that with one shift. It would be a difficult matter to have a double shift on that class of work, which requires so many girls.

Q. But that would be using both the "A" and "B" buildings, I suppose?—A. Yes.

Q. There are twenty presses in each?—A. I think forty in all.

Q. And are they using both at the present time for the production of these fuses?—A. I think they are using parts of both.

Q. You met the experts there, Colonel Birnie, Major Hawkins, and Captain Torney?—A. Yes, sir.

Q. Is there any circumstance in regard to that contract which you would like to mention as standing out, at all, because as you know I have not had an opportunity of discussing, or rather have not discussed the matter; is there anything you would like to mention in regard to the International Arms and Fuse Company or in regard to the work they are doing?—A. Of what nature?

Q. Have you any fault to find, with their organization for instance?—A. At present?

Q. Yes.—A. No. They are going on very well now. I thought Major Hawkins was a very capable man, right from the first interview. I always had confidence in him.

Q. I would like to know what fault if any you had to find with the organization prior to this?—A. I had no particular fault to find, except that I knew early in December that they had over-estimated their ability to produce fuses within the time they said.

Q. Their powers of production?—A. Yes.

Q. I can quite understand that. I just want to know what there was, if anything. As a matter of fact, you had no specific fault to find with the methods of organization, but you thought the results showed that they had miscalculated their powers—is that about it?—A. They were always all very willing to accept suggestions, and to do everything in their power to carry out any views we put before them.

Q. Is that about as much as you would care to say in regard to the fault being that they had over-estimated their capacity to get the organization together, to obtain the component parts from the manufacturers in time to assemble and load at the dates fixed; is that really it?—A. Yes, that is it.

Q. That is the gravamen of the want of capacity?—A. Yes.

Q. Now we pass to the other contract, that of the American Ammunition Company. When did you first take that up? Was it about the first of December?—A. About the first of December.

Q. Did you go to their loading plant?—A. Yes. I went to Paulsboro, in New Jersey somewhere.

Q. That is not a loading and assembling plant?—A. Yes, it is. It is exactly the same as this other.

Q. They load the graze fuse?—A. No, the time fuse.

Hon. Mr. DUFF: This plant is for the time fuses only?—A. Yes, sir.

Mr. HELLMUTH: I was just mistaken for the moment, thinking it was of the graze fuses.

Q. You went to their plant?—A. Yes.

Q. How did you find that?—A. I found that plant more advanced than the other.

Hon. Mr. DUFF: Than the Bloomfield plant?—A. Yes, sir.

Mr. HELLMUTH: You found the American Ammunition Company's plant more advanced than the Bloomfield plant?—A. Yes, more complete.

Q. What was the trouble there; had they the component parts?—A. No. They had had a few samples sent, but there was nothing going on in a commercial way.

Q. Practically the trouble there was much the same as the trouble at Bloomfield?—A. Very much the same.

Q. Did they give you any story as to how difficult it had been to obtain component parts from the various manufacturers?—A. Yes.

Q. Very much the same story as that of the International Arms and Fuse Company—is that right?—A. Yes, sir. They were more in the hands I think of one component part manufacturer, and that one had fallen down.

Q. Was that R. B. Phillips?—A. No, it was the American Steam Gauge and Valve Company.

Hon. Mr. DUFF: Which was not R. B. Phillips, but a concern in which R. B. Phillips had an interest, along with other people.

[Charles B. Gordon.]

Mr. HELLMUTH: That was the reason they gave you, was it, pretty well?—A. Yes.

Q. I suppose they had not any large amount of skilled help at that time and were not doing any loading?—A. No. They were not doing anything to speak of.

Hon. Mr. DUFF: Just at that point, Mr. Hellmuth, perhaps Mr. Gordon would speak about their staff, I mean what one might call their professional expert staff.

WITNESS: They had a manager named Gladeck, who appeared to be a very efficient man, and who came from the Frankford Arsenal, I think. I thought he knew his business.

Q. I rather meant generally; had they got their staff together?—A. No. There were very few people there, and nothing going on to speak of. The construction work had been well finished and most of the machinery installed waiting for component parts.

Mr. HELLMUTH: What further preparation in the way of getting a staff, using it in the broad sense this time, not merely the skilled heads but the specially skilled workmen; what would have been required before they would have been ready to go on with their loading?—A. That was my fear, that in both places, distinguishing the staff from the help as it were, there wasn't any help in either place at the beginning of December. Although they had lists of possible help at both these places, my fear was that as they should have been delivering then and they had to go all through the stages of getting their help trained that it would be some weeks before they could give us anything like satisfactory deliveries.

Q. They had done nothing in the way of training their workmen at that time for this special work, I gather?—A. Except the heads of the departments.

Q. I am distinguishing the workmen from the heads of departments?—A. Not as far as I could see them.

Q. Did you not understand that they had foremen engaged who had been in the Frankford Arsenal?—A. Yes.

Q. Going back for a minute (because you have gone to the International Company again) you understood that they had foremen from the Frankford Arsenal engaged—I am not dealing with Major Hawkins or Mr. Gladeck or those experts—but you understood they had foremen engaged who would be able to take up that kind of special work?—A. Yes, and teach the staff.

Q. But as I understand, you did not understand that the staff itself had been instructed; there wasn't any staff really there, isn't that about it?—A. There was a certain number of the staff at each place. But what I am trying to do is to distinguish between the staff and the vast number of help needed to carry on this work.

Sir WILLIAM MEREDITH: The workmen?—A. Yes.

Hon. Mr. DUFF: The skilled workmen who were to work the loading machines?—A. I understood that both Major Hawkins and Mr. Gladeck had come from the same arsenal, the Frankford Arsenal, and that they could produce foremen for the different departments, who would instruct the staff when that staff was necessary, to go on with the loading.

Mr. HELLMUTH: Would I be right in saying this, that at that time there was nothing to load by which the staff could be instructed?—A. Exactly, on which the work people could be instructed.

Q. So it was not an unnatural thing not to find work people there, because if they had been there they would have had to kick their heels about?—A. Exactly.

Hon. Mr. DUFF: He said that that was a fact which made him apprehensive of having delays.

Mr. HELLMUTH: You knew they had to get sets of component parts there, and then they would have to experiment practically upon those component parts, while they were instructing the workmen to put them together properly and load them?—A. Yes, sir.

Q. And they, you thought, should be further advanced. That is what it comes down to?—A. Yes.

Q. Did you learn afterwards that they had been able to instruct workmen—I mean at a later date?—A. As time went on, do you mean?

Q. Yes?—A. Yes. Component parts gradually were delivered, and the work people loaded those parts.

Q. I will come back again to the American Ammunition Company. Was Colonel Carnegie with you upon that occasion, the first trip, early in December?—A. I think he was.

Q. Did you go back there as you went back to the Bloomfield plant?—A. No. I only went there once.

Q. Did you know about the extension agreement, the modification agreement which was entered into with the American Ammunition Company; there is one?—A. I initiated it.

Q. You initiated it?—A. Yes.

Q. And that was at about what date?—A. The negotiations commenced in December, and only finished about a month ago or two weeks ago.

Q. That company have delivered, or had delivered up to a short time ago only some 2,000 time fuses that had passed?—A. Yes.

Q. Have they delivered any since?—A. I believe there is one more lot just passed.

Q. Since then?—A. Yes, within the last day or so.

Q. Do you know what the lot would be, 2,000 or 4,000?—A. The last lot?

Q. Yes?—A. 2,000.

Q. That is within what time?—A. A day or so.

Q. Were you aware that something like 20 lots were rejected at the gun proof tests?—A. Yes.

Q. In Quebec?—A. Yes.

Q. Were you also aware that practically during the same time out of those twenty lots some ten lots, or rather samples from some of the same twenty had passed the gun proof test at Cape May?—A. No.

Q. You were not aware of that—eight passed I mean?—A. I was aware that certain fuses passed the gun proof test at Cape May. But those fuses in no way checked up the gun fuses that did not pass at Quebec.

Q. Were they not fuses that were turned out in lots that were intended for delivery to you?—A. Yes, I suppose they were.

Q. I mean they were not manufactured, or the company are not manufacturing for any concern, the assembling and loading?—A. No.

Q. So they would be for the purpose of delivering to you, whatever was turned out there?—A. Yes.

Q. Have you made any inquiries or investigations as to why there should be such a large number of rejections at Quebec beyond what there is at Cape May?—A. Well, the two tests do not stand on the same basis at all.

Q. Is the Quebec test a much more severe test?—A. No, no more severe. But it is done in this way; when 2,000 fuses are ready for shipment the Chief Inspector at Woolwich at random picks forty fuses out; ten of those are subjected to rest tests at the loading plants, the other thirty are sent to Quebec. Of that thirty, five are used for graze tests, five are used for I think it is what they call some short range test, and the main test, the other twenty are put through the time test, and they have to function within .11 of a second. That whole test has got to hang together. There are forty different fuses there that have got to be right before you can say that that is a test. So that if you only pick two or three fuses out of several lots of fuses and send them to Cape May, it is not a test that checks that kind.

Q. But isn't the difficult part to pass of that test the firing test, the falling down occurs there generally?—A. Yes, in the twenty.

Q. The rest test generally seems to go through?—A. Yes.

Q. And the short range and graze test?—A. Yes. But the twenty have to go within a fraction of a second.

[Charles B. Gordon.]

Hon. Mr. DUFF: The whole twenty?—A. The whole twenty.

Hon. Mr. DUFF: Failure in that test is not inconsistent with the success of a test where they only take two or three shells.

Mr. HELLMUTH: When Mr. Cadwell was here—I do not remember his evidence, but I thought he said every twenty test was sent to Cape May.

Mr. CARVELL: He certainly left that impression.

Hon. Mr. DUFF: I don't think it was put to Mr. Cadwell particularly.

Mr. HELLMUTH: No, I think not. I got the impression from Mr. Cadwell, and so did Mr. Carvell. I think he meant it even more than twenty.

Hon. Mr. DUFF: Did he say that the whole sixty were taken out of one lot; he may have said so, but my impression is that that was not brought out?

Mr. STEWART: It is on page 740, about half way down the page.

WITNESS: I have the test right here from Cape May. What I did not want to set up is, that there is an official way of testing these fuses at Quebec.

Mr. CARVELL: You do not want to depart from it; is that it?—A. Exactly. There cannot be any departure from the official way.

Mr. HELLMUTH: On page 740, the question is dealt with. I see I asked a question.

Q. These same lots that have failed at the gun proof test at Quebec have passed at Cape May?—A. I would not say that the same lots have for the reason, that is with one exception, that a lot of fuses when an average is taken and put into a bonded or a sealed room under the charge of the British inspector, he selects from that lot 20 proof fuses, and those 20 proof fuses are sent to Quebec for test, and they have all failed except as related in my previous testimony; but fuses produced under exactly the same conditions are being sent to Cape May at very frequent intervals, and we have had, I think, only two lots fail at Cape May, and they were very close.

Q. Out of how many?—A. I received a telegram last night saying that 60 fuses out of lot 19 were tested at Cape May, all of which passed, and 20 fuses out of that same lot at Quebec did not pass.

Q. There we do get the same lot tested?—A. That is one instance where we have had the same lot tested.

Q. Have you made any suggestion that the Imperial Munitions Board should make test elsewhere than at Quebec?—A. It has been discussed, and as I understand the matter it is now under consideration by the Munitions Board and General Minchen, and various others in authority.

Hon. Mr. DUFF: Was he asked as to the way in which the sixty were selected? Was the point put to him at all as to whether the sixty were selected at random as they would be selected by the Chief Inspector at Woolwich? You see the thing is not put to him in any exact way at all.

Mr. HELLMUTH: I was going to read a bit more. Mr. Commissioner Duff put this question:—

“Q. These tests at Cape May, are they under the authority of the British Government?—A. Oh, yes, certainly.”

Then I asked him:—

“Q. They are under British officers?—A. Oh, yes, certainly.”

“Q. They are not tests made by your inspectors?—A. No, they are made at the regular proving ground in the United States.”

“Q. And you have been very successful there on the whole?—A. The only ones we have failed on were fuses taken from lots that failed at Quebec. We have had, I think, two failures out of I should say ten tests at Cape May.”

As my friend Mr. Carvell says, I certainly thought then we were dealing with tests made by British officers of fuses selected at random; I see it is not there specifically of course.

Hon. Mr. DUFF: It would be a little unfair to Mr. Cadwell.

Mr. HELLMUTH: Yes.

Q. We will get from you, Mr. Gordon, did you know of the tests at Cape May?  
—A. I authorized them.

Q. How did you have the fuses selected for those tests; were they selected in a different manner from the way the fuses were selected for the tests at Quebec?—A. On different periods that I visited New York and met Mr. Cadwell we had many conversations as to their difficulties, and I wanted to help them all I possibly could and expedite matters there so that they could get some fuses through; they were getting very much discouraged. Mr. Cadwell suggested that as Cape May was so close let them go there to be tested. I said that officially they could not be tested at Cape May, but that we would arrange to let him send certain fuses there, not with the object of his getting any fuses passed officially, any lots passed officially, but with the object of their finding out their difficulties, what those difficulties might be.

Hon. Mr. DUFF: Experimental tests?—A. Experimental. Mr. Cadwell informed me that the tests at Cape May would be carried out in that spirit, which was not to set up any controversy with Quebec, because that was the official proving ground. The fuses were sent to Cape May, and they were selected by the ammunition companies' own officers, not by the official Woolwich officers, and the results proved that these fuses sent to Cape May were all right; but as I mentioned in the first place it is not exactly under the same circumstances under which official tests are carried out.

Mr. HELLMUTH: Is that all you wanted to say?—A. Yes.

Q. Because it has not touched my point at all. What I want to know is, have you any reason to suppose that Mr. Cadwell was not anxious to know what was wrong with the fuses, and that he would select from lots—I do not say that he would have the British officer select it, but that he would not be wanting to select any special ones to pick them out for a firing test—have you any doubt that is what he intended to practically select them at random?—A. Mr. Cadwell no doubt selected them at random.

Q. Quite so, that is what I was getting at?—A. Yes, he selected them at random; he was anxious to find out what was the matter.

Q. That is exactly what I was after. I see your point, what you want to guard yourself against, and it is perfectly proper you should, namely, that the Imperial Munitions Board should not have to accept any test other than that at Quebec which the contract calls for, and you did not intend to waive that in any way?—A. Certainly.

Q. Is not that the position you are taking?—A. Yes.

Q. That was not at all what I was after; what I was after was to find whether as a matter of fact there was not a similar class of test, not that you were bound by it at all, conducted in a similar way at Cape May to that conducted at Quebec.

Sir WILLIAM MEREDITH: Except that the lots were not selected by the Woolwich officer?—A. They were not selected by the Chief Inspector from Woolwich.

Q. Is there any other difference than that?—A. Not that I know of.

Mr. HELLMUTH: And Mr. Gordon qualifies that by saying that he has no doubt Mr. Cadwell would not be such, I might almost use the expression, a fool as to try to get specially selected fuses to pass that test—he would take them at random you would imagine?—A. Mr. Cadwell in everything he has done was perfectly fair.

Q. So that I do not think we did get a wrong impression from Mr. Cadwell when he said that the tests at Cape May were practically the same as far as he knew—he did not pretend. I want this thing clear, Mr. Cadwell never suggested in his evi-

[Charles B. Gordon.]

dence that by passing at Cape May he put himself in any legal or moral position better than if he had failed at Cape May; he knew it had to pass at Quebec, but he merely instanced that, that the tests were severe—

Hon. Mr. DUFF: Have you any notion yourself, Mr. Gordon, if you regard the test at Cape May as the same as the test at Quebec, of why the difference in the result?

—A. Well, sir, I have tried to make clear that these two tests—I think it would be much easier to get a test through taken from lots of fuses that you are conversant with than taken at random.

Q. So that you do not regard the two tests as—?—A. Not exactly synonymous.

Q. You do not regard the two tests as the same in practice?—A. Not altogether.

Q. And that you think explains the result—that is the only explanation of the result you can think of?—A. What I cannot understand about the American tests at Quebec is why if their fuses are right they do not pass, because the International are being tested at Quebec and they are passing; so that if one company are able to pass it shows that the practice at Quebec must be all right; in fact, the engineer of the American Ammunition Co., Mr. Paton, who has been present at Quebec at most of these tests, is perfectly satisfied with the practice at Quebec.

Mr. HELLMUTH: I do not think Mr. Cadwell, as I understood his evidence, had the slightest objection to raise as to the practice at Quebec; what he could not understand, and what I have failed to understand, perhaps my density, was why he could get his fuses through at Cape May where British officers were making tests and where he was, as I understood him, selecting his fuses—?—A. We do not know that he could get them through at Cape May if they were selected by the Chief Inspector; that has not been demonstrated.

Hon. Mr. DUFF: You see, if you will allow me, you are pressing Mr. Gordon with an hypothesis that is not proved. Mr. Cadwell did not say how these selections were made. You say that it is to be assumed that he was acting sensibly and reasonably, and so on, but in point of fact it is not shown how the selection was made and you are pressing Mr. Gordon to answer the question on the hypothesis that we know how they were selected. Mr. Gordon says "I know the difference in results," and you cannot neglect that, you know, in estimating the value of your hypothesis.

Sir WILLIAM MEREDITH: I have not understood, Mr. Gordon, exactly what the difference is between the methods of selection?—A. We will take, the last three tests I understand were 17, 18 and 19, there were 2,000 each; the Chief Inspector from Woolwich in order to have those fuses passed would choose at random 40 fuses from each lot.

Q. What do you mean by lots?—A. 2,000 fuses spread out on a table, he goes and takes one here, one there, and anywhere he likes, 40.

Q. 40 out of each set?—A. 40 out of each 2,000; 20 of those are subject to the chief test, the firing test.

Q. I understood that part of it; that is what you mean by selecting at random?—A. Yes; if there were 2,000 fuses on this table he would pick out 40. Now, it was distinctly understood when I permitted Mr. Cadwell to send certain fuses to Cape May that they would not be taken in that way, neither the Chief Inspector nor his own people would take them in that way, because I did not want to set up any controversy with Quebec, which is the official proving ground.

Q. What was the alternative method of selecting them, leaving out the Woolwich inspector?—A. I do not know how he selected them, I do not think he did it at all; I think some of his men did it; I know he did not do it personally.

Q. Did you say you told him not to select them at random?—A. No, I told him that we did not want fuses selected from the identical lots so as to set up a controversy because—

Mr. NESBITT: Would not take 40 from the same 2,000?—A. Yes, that is it. My whole object in allowing him to send these fuses to Cape May was so that he could get

quick results with fuses passing through from day to day, not out of any particular lot at all, but to quickly know whether he was improving or not.

Hon. Mr. DUFF: It was an experimental test?—A. Exactly.

Q. With the object of testing?—A. No particular lots, but the whole product as it came out of—

Q. The fuses taken from time to time?—A. Because it would not have done him any good to say that some particular lot passed; it was not an official test, and it did not mean anything.

Mr. HELLMUTH: But I assume if it had any meaning at all it was to see whether fuses that he was manufacturing ordinarily chosen, we won't say selected, would stand a test at Cape May that they would not stand at Quebec?—A. No, it was not. He was perfectly satisfied with the test at Quebec, but it took long, it took nearly ten days. In the meantime he went on loading quantities of fuses which might all be rejected, and put him to all that expense.

Q. Have you had any meeting with the inspectors at Quebec, and the British inspectors at Cape May?—A. I met Colonel Ogilvie and his Chief Proof Officer in Montreal about three weeks ago when the difficulties with the American ammunition became acute, I wanted to see if possible whether Colonel Ogilvie could not assist them with his advice in some way to get these tests—

Q. He being the chief Quebec inspector?—A. He being the chief inspector at Quebec.

Q. Did you see the British inspector at Cape May?—A. No, I saw General Minchen in New York, who is the head of the Inspection Department there.

Q. Did you have any discussion with him about the American ammunition time fuses?—A. Yes.

Q. What explanation did he offer, or did he offer any explanation as to the difference?—A. He went to Bloomfield with me and we spent the best part of a day at Bloomfield, one Sunday—

Q. That is the International?—A. Oh, yes, that is the International; you are asking about the American, whether we discussed that?

Q. Yes?—A. Yes, we discussed that.

Q. And what I want to ascertain is did he offer any explanation as to why, or did he know, that they had been passing at Cape May, any lots no matter how selected, did you tell him that?—A. That has only developed since the time I spoke of.

Q. You have not seen him since?—A. No; I have seen him but I did not—

Q. Have you had any sort of consultation between these inspectors to ascertain, because I suppose you are very anxious to get the fuses if you can?—A. Yes.

Q. To ascertain why the American company is not producing time fuses that can pass at Quebec?—A. We have had many, many consultations.

Q. I said between the British inspectors at Cape May and the inspectors at Quebec?—A. No.

Q. So that there has been no comparison between those two as to the matter?—A. No.

Q. And is it a fact that the American people have, I think Mr. Cadwell said they had, followed every advice and suggestion that the British inspectors or experts had to offer in regard to the matter, is that correct?—A. I think they took advantage of every bit of advice they could get.

Q. And you yourself were impressed with Mr. Gladeck as a capable man or expert?—A. I was.

Q. He was, I understand, the civilian adviser to the Frankford Arsenal?—A. Yes.

Hon. Mr. DUFF: Would you mind asking, if Mr. Gordon can answer the question when they got together an entirely satisfactory staff of skilled workmen for the work of loading fuses?

Mr. HELLMUTH: Can you tell me what time they did?

[Charles B. Gordon.]



Hon. Mr. DUFF: I mean in his opinion.

Mr. HELLMUTH: About what date was it in your opinion when they had got together, not merely a staff capable, but properly trained—

Hon. Mr. DUFF: Efficient.

Mr. HELLMUTH: Efficient to load?—A. Oh, I think Paulsboro, that is the American Ammunition loading plant has been in a position to load fuses commencing in a very small way of course, since January. The difficulty has been the component parts were not perfect, and a good many of their troubles have arisen from them, not the loading. You can load in a perfect manner, but if the component parts are not right then the fuse won't function properly at the end when it is fired.

Q. But the loading, the blending of the powder, the pressing of it into the time rings, the atmospheric conditions, all have to be adjusted to the very nicest fraction, have not they?—A. Yes.

Q. It requires as great an amount of skill as any manufacturing art?—A. Yes.

Q. However, I do not suppose we can get very much more light upon the time fuse of the American Ammunition—

Sir WILLIAM MEREDITH: Perhaps you would ask him whether he has learned either through General Minchen or anybody else what the probable cause of the failure to pass is.

Mr. HELLMUTH: You heard the Chief Justice's question, have you heard from General Minchen or anybody else what is the probable cause of the failure of the American time fuse to function?—A. I have heard so many different causes in the last two months.

Sir WILLIAM MEREDITH: Could it, by the examination of a similar fuse, taking it to pieces, be ascertained what was wrong?—A. No, sir, it is such an intricate matter that there are so many little things, each one of which will alter the burning, this small part of a second that is allowed, that it is very difficult to locate the trouble.

Mr. HELLMUTH: And apparently the rest test is no test at all?—A. No.

Q. You might almost as well eliminate that as I understand it because all of these fuses pass the rest test?—A. Oh, no.

Q. I mean every lot does practically?—A. The rest test is very necessary because it establishes whether the powder end is right or not; but every part of the fuse comes into play in the final firing test of the mechanical parts.

Hon. Mr. DUFF: I suppose if they did not satisfy the rest test they would not send the lot?—A. They would not go on at all.

Mr. HELLMUTH: It is really a preliminary test; when I said no use, I did not mean no use for making the test, but no use for a person being able to say if it passes that it will pass the other—let me put it this way: if a fuse passes the main proof test that fuse would be practically certain to pass the rest test would not it, that is if it functioned exactly right?—A. Yes.

Q. If you did not have it at all you would know it would do it?—A. Yes.

Q. But in order not to send a lot down you have this first preliminary test?—A. Yes.

Q. What about the graze fuse of the American Ammunition, are they producing those in considerable numbers?—A. Yes, they have done well with them.

Q. Have you been letting other graze fuses to other people?—A. Yes.

Q. Who are those.

Sir WILLIAM MEREDITH: Why do we want to know who they are?

Mr. HELLMUTH: Well, you are letting other graze fuses?—A. Yes.

Q. Can you tell me what the price is now of the graze fuse unloaded?

Mr. NESBITT: The Munitions Board, if you go in there as contractors, won't tell you as to prices, because they say it is against their policy; however, I am not interfering.

Hon. Mr. DUFF: What is the question?

Mr. HELLMUTH: The question was the price; suggestion was made as to the prices now at which graze fuses are let.

Hon. Mr. DUFF: We had some evidence from Col. Carnegie as to prices—

Mr. JOHNSTON: I asked a question as to prices in America.

Sir WILLIAM MEREDITH: Did not we get from Mr. Flavelle that too?

Hon. Mr. DUFF: We did not get any prices from him.

Mr. HELLMUTH: No, we got it from Mr. Cadwell.

Q. What is the present price, never mind what you are paying—we certainly got from Mr. Flavelle \$2.42 and \$2.75?—A. That is not graze fuses, that is time fuses; that was component parts of time fuses.

Q. What is the current price from your recent knowledge of the graze fuse at present unloaded?—A. Do you want to know what the American Ammunition contract is?

Q. No, I want to know—I am not asking any particular manufacturer, I am asking if you can give the market or current price at the present time for the unloaded graze No. 100 fuse?

Sir WILLIAM MEREDITH: Is there any such thing as current market price?

Mr. EWART: That is the first question, is there a market price?—A. \$1.75.

Mr. NESBITT: Without gaine, that is?—A. Yes, without gaine, but with adapter; they all have adapters.

Hon. Mr. DUFF: The American Ammunition Co. is providing adapters with their graze fuses?—A. Yes.

Q. Not gaines, but adapters?—A. Yes, everybody provides adapters.

Q. Do you know what the price was at all at say May of 1915 of the unloaded graze fuse?

Mr. EWART: He did not go into the business until December.

Mr. HELLMUTH: Did you know, or do you know?—A. In America?

Q. In the United States?—A. Well, it varied.

Q. From what to what?—A. From \$2.75 to about \$1.75.

Q. You mean that the unloaded graze fuse varied in the United States, \$1 in price?—A. Yes. .

Mr. JOHNSTON: What does that graze fuse include?

Mr. HELLMUTH: Was that the 100 graze fuse?—A. There is only one kind of graze fuse and that is No. 100.

Q. When you say there is only one kind I should hardly think that you meant that, because there have been graze fuses long before the 100 was invented?—A. I mean being made now in the United States or Canada.

Hon. Mr. DUFF: Within how far back?—A. During this time.

Q. Since the war?—A. Yes.

Q. For the purposes of this war?—A. I have not heard of any other graze fuse.

Sir WILLIAM MEREDITH: Perhaps you will ask him what is the reason for the variation in price.

Mr. HELLMUTH: Will you tell me how it should be that an article could vary \$1 in price at the same period?—A. First of all because of the size of the early orders being very small, and inexperience of the manufacturers that took them, and then the orders getting larger and not having to amortize their plant they gradually got to be able to take them at lower prices.

Q. But you say at the same time, that is what I asked you, not gradually?—A. I did not mean at the same day, I meant over that period, an early period of the year 1915.

[Charles B. Gordon.]

Q. I asked you in the month of May?—A. I could not say during the particular month of May what the prices were; it is a matter of record though.

Hon. Mr. DUFF: Had not you better begin in the early part of the year?

Mr. HELLMUTH: Did you ascertain that the contracts that were let first, for similar amounts, I am speaking, were let at higher prices than the contracts that were let subsequently for similar quantities?—A. Yes.

Q. The reason I ask you that is Mr. Cadwell says that the first contract that one of the companies that he was affiliated with took was at \$2.40, and that subsequently they took a contract, another company with which he was affiliated, at \$2.70?—A. That is quite possible.

Q. Was there a gradual decline or did it go up, or go down, or did it go on about according as the necessities of the times urged the people who wanted delivery of graze fuses, or was it a steady decline?

Hon. Mr. DUFF: Would not it be better to let Mr. Gordon state what he knows about it?

Mr. HELLMUTH: Certainly.

A. I understand there were a number of contracts placed in the United States for graze fuses from last spring during this period you mentioned commencing earlier, and probably commencing about March and extending to June, and that they were placed about the prices I mentioned, from \$2.75 to \$1.75.

Hon. Mr. DUFF: Did those prices provide for amortization—I rather gathered from what you said a moment ago that you had that in view, that is the reason I ask you?—A. Yes.

Q. And you said the earlier contracts were for small amounts?—A. The first contract that any manufacturer takes must provide for amortization, because it is a matter of buying entirely new machinery for a graze or a time fuse, and that machinery is not worth anything for anything else much.

Mr. HELLMUTH: Would those be contracts let through Morgans?—A. Yes.

Q. You say that you ascertained that Morgans let a contract between March and June as low as \$1.75 for graze fuses unloaded?—A. That is a matter of record, I could not say the exact dates, but I know there were contracts placed about that time.

Sir WILLIAM MEREDITH: When he speaks of matter of record, have they a record of the Morgan transactions?

Mr. HELLMUTH: Have you a record of that?—A. We have a record.

Q. Perhaps you could let the Commissioners and counsel see that record, I think it would be an advantage?—A. Yes, sir, I can.

Mr. NESBITT: That is a record that Colonel Carnegie I fancy had before him when he was talking.

Mr. HELLMUTH: Have you the records before you now?—A. No, sir, I have not them here. I will send for them though.

Q. Then you were in a position in the Imperial Munitions Board to cancel the American Ammunition contract for non-fulfilment at the time that the modified contract was negotiated, were you?—A. Yes, when we commenced negotiations in December deliveries had become slightly behind, and apparently were going to be a good deal behind.

Hon. Mr. DUFF: Before you go into that would it be convenient to ascertain from him with regard to the manufacture of graze fuses, whether they were making any graze fuses themselves, and if not were the American Gauge Co.—

Mr. HELLMUTH: Did you ascertain where the American Ammunition Co. were having their graze fuse made?—A. Yes, sir.

Q. Where were they being made?—A. They were being made at the American Steam Gauge and Valve, the Lowell Machine Co., the Oliver Typewriter Co., and the

Detroit Lubricator Co., and I do not know whether Phillips, I think Phillips was making some.

Q. Were they themselves making any, I mean had they any manufactory themselves making graze fuses?—A. That they owned entirely themselves, you mean, or that they controlled?

Q. That they owned entirely themselves?—A. No.

Q. Were they part owners of some of these factories you have mentioned?—A. Not at the commencement.

Q. But had they at this time taken them over?—A. No.

Q. When you say not at the commencement?—A. Because they afterwards had to take an interest in one or two of them to—

Q. To carry out contracts?—A. Yes.

Q. So that I suppose Mr. E. B. Cadwell was the man that practically you looked upon as, shall I put it, the substantial man in the concern?—A. We had all our negotiations with Mr. Cadwell.

Q. And Mr. Cadwell, or the E. B. Cadwell Co. had taken an interest in some of these sub-contractors of theirs, their companies, in order to have the contract performed, is that right?—A. Yes.

Sir WILLIAM MEREDITH: I thought Mr. Cadwell told us the first company that he mentioned he was practically controlling that, the American Steam Gauge Co.—

Mr. HELLMUTH: No, it was the American Screw Co.

Q. Were the American Screw Co. making any of the parts?

Mr. NESBITT: The Standard Screw Co. he spoke of?—A. Mr. Cadwell is interested in them, I believe.

Q. Were they making parts?—A. No, sir.

Hon. Mr. DUFF: Not for you?—A. No, not for us.

Q. The American Steam Gauge Co. were making whole fuse were they not?—A. The American Steam Gauge and Valve were making complete graze fuses unloaded.

Mr. HELLMUTH: And they fell down rather, didn't they?—A. Yes.

Hon. Mr. DUFF: On the graze fuse?—A. Yes.

Q. They were also making graze fuses for the War Office under the contract direct?—A. With Morgans.

Mr. HELLMUTH: Did they fall down on that too?—A. Not so much as ours.

Q. Not to such an extent?—A. Not to such an extent as ours.

Q. I was asking you when you negotiated the modification of the contract, and you said that at that time you realized that the American Ammunition was considerably behind and likely to be more behind, and I suppose you either knew or had legal advice as to the position that the Imperial Munitions Board occupied in their right to terminate the contract?—A. Yes, sir.

Q. You knew that?—A. Yes.

Q. Then I am going to ask you why, if that was the case, did you make the modified contract by which you undertook to give them \$4, for all fuses, graze fuse, supplied by given date, and \$2.34 for all unloaded graze fuse—when I say \$4.00 I mean \$3.72½ because they had taken off 27½ cents?—A. Yes.

Q. And \$2.34 for other graze fuse, and at the same time extended to them an order for 600,000 more time fuse; I am just asking you what was the justification from the Imperial standpoint of making that contract?—A. I wanted to get the most favourable modification of the contract for the Government that I could get.

Q. I do not quite follow you; why did not you cancel the contract then and there and buy graze fuses at a cheaper rate elsewhere?—A. Because the whole contract hung together, there were time fuses and graze fuses.

Q. They had done nothing in time fuses, they have only supplied 2,000, which is an absolutely negligible quantity, until the other day.

[Charles B. Gordon.]

Sir WILLIAM MEREDITH: I think if you let Mr. Gordon tell his story he will get on.

—A. We wanted to get delivery of the time fuses even if they were late, and as the whole contract hung together I set about making the best readjustment of the whole contract that I could, my object being to get the balance of the time fuses which were not behind in delivery and which we really had no complaint about except that they were too high a price, my object was to get them down in price as low as possible and also to get delivery of the time fuses; I know if I cancelled the time fuses with Cadwell it would take us many months to get started with somebody else and we wanted more time fuses, and in order to come to an agreement with them we gave them an extra six hundred thousand fuses at \$4.30, which was cheaper than we could get them anywhere else at, and also obtained a promise, a specific promise of deliveries on the original order for time fuses, carrying with it a heavy penalty in the shape of a further reduction of price from \$2.34 if they did not deliver them at the time specified in that delivery, which was 100,000 for May, 150,000 for June, and so on.

Sir WILLIAM MEREDITH: Was the difference between \$2.34 and \$2.03 in the nature of a penalty if they did not deliver promptly?—A. Yes, sir, if they did not deliver the time fuse as specified in that last provision, a further reduction would be made in the balance of the graze fuses from \$2.34 to \$1.72½, in other words a further reduction of 62.3 cents for graze fuses.

Mr. HELLMUTH: You said you got the time fuses at \$4.30, which was cheaper than you could get them anywhere else, is not that what you say?—A. Yes, sir.

Q. And that time fuse was a cheaper time fuse—Mark VII was it not?—A. Yes.

Q. A cheaper fuse to manufacture than the fuses that they had undertaken to manufacture under the contract of June 19th, the time fuses—do you agree with Mr. Carnegie that that class of time fuses can be manufactured from twenty to thirty cents cheaper than the Mark V or the 80 over 44?—A. Well, the actual manufacturing of 80 Mark VII is cheaper but on account of the very rapid advance in brass during that interval, it requires a good deal more brass, the 80 Mark VII than 80 Mark V, and brass had advanced so rapidly, from something like 22 cents to 36 cents per pound, that it made very little difference.

Q. Then you do not agree with Mr. Carnegie that at the time—?—A. It does not make much difference now.

Q. You would not take Mr. Carnegie's view that there was from 20 to 30 cents difference in the price of the two fuses?—A. I think at the time that Colonel Carnegie advocated the change, or really carried out the change when he was in England, there would have been considerable difference, but in the meantime, in the interval between the time he was at Woolwich and the time he arrived back here brass had gone up to such an extent that it made very little difference.

Sir WILLIAM MEREDITH: They did not supply any brass to the American companies—

Mr. HELLMUTH: You did not supply any brass to the American companies—perhaps the Imperial Munitions Board never did supply brass?—A. No, sir, we did not supply.

Q. To any of the companies, Canadian or otherwise?—A. No.

Q. What is the current—you say it is cheaper than you can get it anywhere else—what, in the same way as I asked you about the graze fuse, is the current price for the time fuses now—

Mr. NESBITT: The 80 Mark V?

Mr. HELLMUTH: I am speaking of the time fuse, 80 Mark V, 80 over 44, 80 Mark VII—you say they are all about the same price now?—A. Yes.

Q. What is the current price, in the same way as you gave us the current price for the graze fuse, what is the current price for that type of time fuse?—A. \$4.50 I should say.

Q. That is to-day?—A. Yes.

Q. That is loaded of course?—A. Yes.

Q. In the same way as you gave the price of graze fuse what was the price loaded of the time fuse in the spring of 1915?—A. \$4.50.

Q. So that there has been no change?—A. No.

Hon. Mr. DUFF: Is that what the Morgans were paying?—A. Morgans did not order any 80 Mark V, 80 Mark VII or 80 over 44 so far as I know; theirs was No. 85 which is a different fuse.

Q. Were the orders direct from the War Office?—A. Yes, sir.

Q. And they were at \$4.50 were they?—A. No, they were less than \$4.50, some of them, the 85's.

Q. I do not mean the 85, I mean the 80 and 80 over 44, I understood you to say that in the period we were speaking of the price of time fuse was \$4.50?—A. Yes.

Q. My question was with reference to what contracts were you speaking, were you speaking about contracts—you said not with the Morgans because they had not let any?—A. No.

Q. You were speaking about contracts direct with the War Office?—A. No, I just refer to our own contracts.

Q. You were referring to these particular contracts?—A. Yes.

Mr. HELLMUTH: I find a great deal of difficulty to understand how the price of the time fuse of the character that we have described should be constant, that is to say if it was at the beginning \$4.50, and there is amortization in regard to graze fuse, why is not it below \$4.50 now?—A. Because nobody was placing any other contracts for 80, 80 over 44, or 80 Mark VII except ourselves.

Q. Why cannot you get contracts much cheaper now?—A. For one reason because brass has gone up so much, that is the principal reason; there are 4½ pounds of brass in that fuse, and brass has gone up from 22 cents to I think it is about 40 cents to-day; that is a difference of 4½ pounds at 18 cents, which is a big difference in the material alone.

Q. I just wanted to see; that would be the explanation why the companies would be charging, setting off this increase against the savings in regard to replacement of plant?—A. Not only that, to be perfectly fair to all these companies they found so great difficulty in these time fuses that they do not want to undertake anything at less than \$4.50, they found that was low enough.

Hon. Mr. DUFF: You think the present experience with regard to the making of these time fuses on this continent, in the United States and Canada, points to a higher degree of difficulty than was realized at the time these contracts were let?—A. Yes.

Mr. HELLMUTH: Speaking of that, do you know from your records what the price of the time fuse was in England in May or June, 1915?

Mr. NESBITT: Time fuse or graze?

Mr. HELLMUTH: Time fuse 80 with its various marks?—A. We have those records.

Q. Can you give me that?—A. Yes.

Q. Perhaps you can give me also the records of what—the graze fuse is made of steel, is not that how they are making it now?—A. Yes.

Q. No. 100; what the price of graze fuse of steel in England was in May or June, of that period of 1915; could you do that too?—A. Not of steel I think, I think they are all made of brass in England.

Q. Would that be cheaper or more expensive?—A. Brass?

Q. Yes?—A. More expensive.

Q. Perhaps you can give me at all events what the graze fuses were then and what they are now?—A. Yes, sir.

[Charles B. Gordon.]

Sir WILLIAM MEREDITH: Would it be satisfactory if Mr. Gordon hands in a statement of that? I suppose he is a pretty busy man, and he does not want to come back.

Mr. HELLMUTH: Yes, quite satisfactory, if Mr. Gordon will give it.

Sir WILLIAM MEREDITH: And then if any explanation is required he could be recalled.

Mr. HELLMUTH: I understand, Mr. Gordon, correct me if I am wrong, that the records from which you show this, are highly confidential documents issued by the War Office?—A. Yes.

Q. And they are not under any circumstances to be made public, is that right?—A. We are not allowed to let them out of our possession.

Q. And therefore the figures you give in regard to that matter taken from them are figures that I should think should be only for the Commission and for counsel; I suppose that will be satisfactory. Did you know anything about a contract for cartridge cases?

Hon. Mr. DUFF: Before you leave that, would you ask Mr. Gordon if he is in a position to give the cost to the manufacturer of the manufacturing of graze fuses during any, take the period from May down to August or September, 1915, without reference to any particular manufacturer?

Mr. HELLMUTH: You have heard the question?—A. No, sir.

Hon. Mr. DUFF: You are not in a position?—A. No.

Sir WILLIAM MEREDITH: You had started in the Edward Valve, Mr. Hellmuth.

Mr. HELLMUTH: The Edward Valve, did you know about that cartridge case order?—A. Yes, sir.

Q. Was that something that came within your purview or jurisdiction?—A. Not specially so. Just as a member of the Board, it was brought before the Board.

Q. You were here when Mr. Flavelle was giving his evidence?—A. Yes, sir.

Q. I was going to ask you if you heard Mr. Flavelle's evidence in regard to that, does that coincide with what you understand about the Edward Valve?—A. Yes, exactly.

Q. And if there is anything that you would like to further explain about that I do not want for a moment to stop you, but I do not think it is necessary to repeat if your views are the same in regard to it?—A. I do not know anything further with regard to it.

Q. Then may I be allowed to leave it that way? I do not know that there is any other matter. I dare say I have overlooked something, but I cannot remember any other matter I want to call you on?—A. Very well.

*By Mr. Atwater:*

Q. The occasion of your first visit to the International plant, I think you said it was in December of last year?—A. Yes.

Q. Do you remember about what time?—A. Early in December.

Q. As a matter of fact you paid this visit shortly after taking office as a member of the Munitions Board?—A. Yes.

Q. And Colonel Carnegie went with you?—A. Yes, sir.

Q. Who went with you of the International Company, through the plant, do you remember?—A. I know Dr. Harris did, I cannot remember whether Mr. Patterson was there or not, I think we met Mr. Patterson at the plant, and Major Hawkins.

Q. Well, as long as he was there?—A. I would not be positive that he was there, but that is my recollection.

Q. Major Hawkins was there?—A. Yes, he was there.

Q. And they had their full staff, did they not, practically their full staff there?—A. They had a number of the staff.

Q. The buildings were erected?—A. The buildings were well forward.

Q. The plant installed largely?—A. Some of it.

Q. In matters connected with the construction of these fuses and the work of making them, loading them particularly, I suppose up to that time you personally had not had much experience, had you?—A. None whatever.

Q. So that you relied largely I suppose on the information you got from Colonel Carnegie?—A. Yes.

Q. And I suppose with regard to the efforts of the International Company to carry out their contract up to that time anyway you would agree, you would think that Colonel Carnegie was a better judge than you would be, would you not?—A. Yes, about the technical end.

Q. Just one question: You spoke of the cost of the 85 fuse being enhanced since last year by the rise in the price of brass. Do you know whether the price of aluminium has not risen also?—A. Yes, it has risen also.

Q. It has risen also. Now, the additional cost of the 85 fuse—A. No, I spoke of the rise in the 80 mark 7.

Q. Yes, you are quite right.—A. And that was recent.

Q. And that I understood was because there was more brass in the 80 mark 7 than in the 80/44 and the 80 mark 5?—A. Yes.

Q. Now, the parts of brass in the 80 mark 7 are replaced by aluminium in the 80 mark 5 are they not?—A. Yes.

Q. Then I come again to ask you, do you know that the price of aluminium has risen?—A. I don't think it rose from the period I referred to, which is just recently.

Q. It is recently, isn't it?—A. I don't think so.

Q. Say between April, 1915, or May, 1915, and April, 1916?—A. Oh, the change in the design of the 80 mark 5 was only made in January this year, and I said that between the time of the change of the design and the period that the contract was given to Mr. Cadwell at \$4.70, I said—that is what we were referring to at the time—the price of brass had gone up very rapidly. I don't think the price of aluminium went up much at that time.

Q. Do you know whether the price of aluminium rose between April or May, 1915, when the parties were figuring on the price of these contracts, and the end of 1915?—A. I believe it did rise, sir, very considerably.

Q. Very considerably, quite so. Now, talking of the making of these two fuses, the 80 mark 7 and the 80 mark 5, do you know whether it is not considerably harder to work with aluminium than with brass?—A. Yes, I think it is, that was one reason for the change.

*By Mr. Carvell:*

Q. Mr. Gordon, what is the price of aluminium to-day?—A. I think it is about 60 cents.

Q. And what do you think it was a year ago, May, 1915?—A. I don't know, sir, very much less than that though. I could not say.

Q. What would be the relative weight of a cubic inch of brass as compared with that of a cubic inch of aluminium?—A. I don't know exactly.

Q. Approximately?—A. Brass would be five or six times the weight of aluminium.

Q. Then, if you had say six or eight cubic inches of material necessary to make a fuse, while the price of the aluminium per pound might be more than the price of the brass per pound, the cost of the six or eight cubic inches of aluminium would be less than the cost of the same number of cubic inches of brass?—A. No.

Q. Would that not be true?—A. The price of six or eight cubic inches of aluminium would be more than the price of six or eight cubic inches of brass, weight for weight.

Q. I thought you said that the brass would be five or six times as heavy?—A. So it would be, but inches—

Q. I thought you told me that the price of aluminium would be 60 cents a pound?—A. You are talking about cubic inches now.

[Charles B. Gordon.]



Q. Yes. I certainly am not trying to put this witness in an awkward position, because I know that Mr. Gordon knows the whole story, and I want to get the information myself, and I cannot understand it at the present time.

I will explain what I had in mind. I thought from the answer you gave that brass was worth say 40 cents a pound and aluminium 60 cents a pound, that it did not necessarily follow that the total amount of metal required to make a fuse of aluminium would be more than the total amount required of brass, because of the much less weight?—A. Yes, in weight it would be less.

Q. Certainly, and therefore the actual cost of the aluminium although at the greater price per pound would be less than the actual cost of the brass?—A. Yes, it might be, I don't know whether it is or not.

Q. If the relative weight would be as one to six, I think you must conclude that it would be very much less. I don't wish to press it however. I just want to elucidate the point because I was somewhat surprised at the statement.—A. I think the fact that the brass went up would make it much more difficult to compete if you had to supply brass.

Q. You have to have so many pounds weight in your whole projectile; if you put it in bullets you have to take it out of the fuse, and vice versa?—A. Yes.

Q. Is the American 85 fuse made of brass?—A. Of brass?

Q. Of brass?—A. Yes, sir.

Q. What is the difference between the time element of the 85 fuse and the time element of the 80 over 44 and the different marks that are being made for the Canadian business?—A. The 85 manufactured in the United States has a patent device in it that the other has not got.

Q. Then, I don't want to go into the details. I have been wondering why it was that we were not using the 85 when it was manufactured so extensively in the United States?—A. Because the British Government did not want to use that device if they could help it.

Q. I don't want to go into that then. Outside of the patent device would there be very much more difficulty in making one than the other?—A. They say there is considerably more difficulty in making an 80 mark 5 than the 85, due to the fact that the 80 mark 5 had this aluminium body which was very difficult to work.

Q. Then I take it for granted that ordinarily the 85 should be the cheaper fuse?—A. It is.

Q. And really is it very much cheaper?—A. 50 cents usually.

Q. You referred to certain confidential information in the possession of the Board as to prices; of course, being confidential I don't want to ask you to reveal any of the contents, but I would like a little light upon it. In the first place, so far as you know, when was this information of the Board?—A. I could not say when it came into their possession.

Q. I appreciate that you only came there the first of December, and therefore you know as to that date do you not?—A. I saw it first in January.

Q. Now, while there might be some technical objections to me asking this question, still I think my friends will not object.

Q. Don't you know really that this information had been in the possession of the old Shell Committee?—A. No, I don't.

Q. Will you go so far as to say that it was found there or was handed over with the rest of the assets of the Shell Committee to the new Munitions Board?—A. I cannot remember how it came into my possession exactly. I think it was left here by Mr. Hichens, but I wouldn't be sure of that, I think I found it amongst his papers.

Q. You know Colonel Carnegie—A. I don't think Colonel Carnegie had it at that time, although I would not be sure.

Q. Colonel Carnegie said that he had some information regarding the cost of graze fuses, and I was wondering if it was the same information that had been handed down to you?—A. It may have been, I could not say.

Q. Then, would the information you received as to the cost of the graze fuses also give you the material of which the article was made as well as the price?—A. No, I don't think so.

Q. You wouldn't say whether it was a certain price for a brass fuse or a steel fuse?—A. No, just simply a graze fuse.

Q. Just simply a graze fuse?—A. Yes, No. 100 or another number, they all have different numbers.

Q. I am talking about the No. 100?—A. 100 I mean, not 101.

Q. I may tell you, that up to the present time we have no evidence of anything in the way of graze fuses except the No. 100.—A. No.

Q. Therefore I am invariably talking about the No. 100 when I speak of the graze fuse.—A. It is the only one there is that we have to deal with.

Q. Approximately what would be the value of the metal in a graze fuse of brass as compared with one of steel?—A. Four and a half pounds of brass at to-day's price, say 36 cents, is \$1.62. Four and a half pounds of steel at 6 cents is 27 cents.

Q. So there is an enormous difference in the cost of the metals.

Hon. Mr. DUFF: Is it clear that there is approximately the same amount of brass as steel?

Mr. CARVELL: I am leading up to that. That brings up the same question that I raised with regard to the aluminium. I don't know that it makes any difference.

Hon. Mr. DUFF: I am suggesting that you go on with the question.

Mr. CARVELL: You would really have more pounds of brass than you would pounds of steel?—A. Yes.

Q. Which would make the spread in the cost of the two metals still greater?—A. Yes.

Q. So you are safe in saying however that there would be an enormous difference in the cost of the metal between a fuse made of brass and one made of steel?—A. Yes, sir.

Q. Do you happen to know whether the fuse made by Mr. Cadwell for the British War Office at \$2.40 of which he gave evidence one day last week was made of brass?—A. I don't know.

Mr. CARVELL: I think I am safe in informing the witness that that was the evidence.

Hon. Mr. DUFF: Yes.

Mr. CARVELL: He had filled the contract with the British War Office direct, No. 100 fuse of brass unloaded at \$2.40.—A. At that time brass was only 22 cents.

Q. And you multiply that by four and a half, that is \$1?—A. Yes.

Q. A dollar practically for the brass, and then according to his evidence he was making fuses at \$2.40.

Mr. NESBITT: I think you are mistaken as to the weight of the fuse.

WITNESS: I may be mistaken a little in the weight of that fuse. Of course, you see, there is a great deal more brass in it than the finished weight of the fuse.

Mr. CARVELL: Oh, yes. You have to bore out the inside and turn it off on the outside?—A. But I understood that there was that about of raw material in it before they commenced.

Q. We have gotten that information from some one else.

Hon. Mr. DUFF: I suppose Mr. Gordon could get that.

WITNESS: I can get that exactly.

Mr. CARVELL: I only want to establish the general facts that the first fuse was made of brass and now we have come down to steel.

Q. Were you ever at Cadwell's factory, I don't know where it is, but the fac-  
[Charles B. Gordon.]

tory in which he manufactures graze fuses?—A. I was at one of them, the Lowell-Machine Co.

Q. Do you happen to know whether that was the factory which had been converted over from a brass fuse factory to a steel fuse factory?—A. No, it was not.

Q. It was not?—A. No.

Q. Do you know of any factory owned by Cadwell, either in whole or in part, or controlled by him, in which he had formerly made brass fuses and is now making steel fuses?—A. Yes.

Q. Which one is it?—A. The American Steam Gauge and Valve.

Q. Will you tell me approximately what you would consider to be the value of the machinery in that factory?—A. I could not say, sir, I have not seen it.

Q. You haven't seen it?—A. No, not that one.

Q. Have you any information about it? Perhaps I had better tell you what the evidence is and then you will know what I am coming at. Mr. Cadwell stated that it cost him \$1,200,000 to change over the machinery in that factory from making brass fuses to steel fuses, and I wondered if you had seen that \$1,200,000 of machinery?—A. No, sir.

Q. Well, Mr. Gordon, we know that you are a manufacturer of experience. Have you seen any factories equipped for making graze fuses with \$1,200,000 of machinery in them?—A. No.

Q. Wouldn't you be somewhat surprised to find a plant of that kind erected especially for the purpose of making graze fuses?—A. Well, it would be a pretty large plant.

Q. I thought so when I heard the evidence.—A. It is quite possible that there is such a factory.

Q. Of course, it is always possible, we admit that. Now, applying your knowledge of manufacturing in a general way, could you not take a lathe upon which you could turn or machine brass fuses, and by changing the tooling device and tools to some extent use that same lathe for turning a steel fuse?—A. The steel fuses are not made on the same machine as the brass fuses, I don't think. In order to make steel fuses economically they must be made on automatics.

Q. Yes.—A. And the brass fuses were being made on ordinary lathes.

Q. How many automatic machines would it take to turn out say 10,000 steel fuses a day?—A. A day of 10 hours, or double shifts?

Q. Say 10 hours a day, give him all the advantage possible?—A. Each of those automatics turns out about 20 bodies per hour, 200 per day.

Q. Each automatic?—A. Each automatic.

Q. Five of them for a thousand?—A. Dividing it into 10,000 it would take 50 machines.

Q. What would each one of them cost?—A. About \$3,500.

Q. Fifty times \$3,500? That is a long way from \$1,200,000?—A. Oh, there is lots more machinery besides that before you have your fuses.

Q. I quite appreciate that, but I am talking of changing over from the brass to the steel. Now, wouldn't the same machinery that is necessary to make the inner working parts of the graze fuse be the same whether the fuse was made of brass or steel?—A. The inner working parts are always brass.

Q. Then it would be the same machinery?—A. Yes.

Q. Then isn't the only different machinery the automatic machinery that you speak about?—A. I said they didn't use automatics on brass generally.

Q. Wouldn't that practically be the only difference? Wouldn't that practically be the only additional machinery required in converting from brass to steel?—A. Yes.

Q. That is what I thought. Now, take the question of the labour to operate the ordinary lathe that is used in brass, or the automatic as used for the steel; which would be the cheaper?—A. I think the production of the steel by the automatic would be much less than the brass.

Q. I see.—A. Not much less, counting capital expenditure there would not be very much difference, but there would be a greater production.

Q. Of the steel?—A. Yes.

Hon. Mr. DUFF: That is, the cost per fuse would be less?—A. Yes.

Q. Do you mean sensibly less from a business point of view?—A. Not very much. The labour itself would not be very much different, it is mostly material.

Q. It is really a question of material more than anything else.

Mr. CARVELL: I suppose you would be willing to go so far as to say that you have not seen that \$1,200,000 of machinery?—A. As I told you, I don't know anything about that.

Q. Did Mr. Cadwell say, or any member of the American Ammunition Co. in your negotiations—and I presume you had many of them—that he had been compelled to instal \$1,200,000 of new machinery to turn over from brass to steel?—A. He did not give me that as a reason, but I know he has had to put in a very large amount of money in the carrying out of this graze fuse contract that he did not anticipate having to put in in the first place; his own money I mean.

Q. Isn't that because Mr. Cadwell was unfortunate enough to make a contract with a man who was not able to make good?—A. Partly.

Q. Wasn't it very largely that?—A. Well, he has had to supply the money to carry on the business, not only installing the machinery, but part of the money is required to carry it on.

Q. If he had sub-contracted with proper men who were able to carry out their contracts, of course he would have had to make advances, but it would be at no loss to him. Are not his troubles regarding the graze fuse very largely because of the falling down of some of the parties with whom he contracted?—A. I suppose so.

Q. Then, if the graze fuse has cost him more than we will say it may have cost some one else, it has been because he has been unfortunate in his handling of the business, and not because of the apparent difficulties of manufacturing the graze fuse. Would you go that far?—A. Some of his sub-contractors did fall down, but others didn't.

Q. But would not his difficulties or his losses have been on account of him being unfortunate enough to negotiate with men who did not make good, rather than in the inherent difficulties of making the article itself?—A. I should think very largely.

Q. I should think so too. Were you ever told by Mr. Cadwell or any of the members of his company that \$1,200,000 had actually been expended in getting ready to make this graze fuse?—A. No. Mr. Cadwell has made the statement to me at various times—he named I think that very figure—that he had had to advance that in one shape or another to carry out portions of this contract, to carry out the different portions of the contract we have with him, not altogether with regard to the graze fuse, but the contract generally.

Q. I see. I haven't the exact reference here.

Mr. HENDERSON: Page 718.

Mr. CARVELL: Page 718. Here is the answer, I will read it to you. "What did you say to that?" Speaking about cast—"A. I said to him that in view of the fact that it would be necessary for us to buy something like \$1,200,000 worth of special machinery to do that job, which could not be used for the production of time fuses, that I was at a loss to know what would be a fair price." So you see, he puts it very strongly.

Mr. HENDERSON: He goes on after that.

Mr. CARVELL: I think my learned friends are getting this down to a very narrow point. I want to discuss it from a little broader point than that. You see, there was a reference there to having bought special machinery.

Sir WILLIAM MEREDITH: No, no, the necessity of buying. That is the argument he used to Colonel Carnegie in the negotiations, he argued to Colonel Carnegie that [Charles B. Gordon.]

in order to take on this contract, it would be necessary to spend that amount on special machinery.

Mr. CARVELL: Yes. Now, you say that in all the talks you had with him regarding the \$1,200,000 it was not confined to the special machinery, but the general expenditure to carry out the work and losses occasioned by the sub-contractors?—A. He always told me that in addition to the advance that we made of \$1,500,000 or whatever it was, that he had to put this up as an additional thing on account of the difficulties he got into with the sub-contractors.

Q. Oh well, if that is the case it is a different thing altogether.—A. As far as I understood that this was his difficulty.

Q. That he had to put up \$1,200,000 additional money?—A. That he had to finance them, yes.

Q. That is altogether different.

Mr. EWART: I would like to ask Mr. Carvell if this is the only passage in the evidence to which he has been making reference?

Mr. CARVELL: I may say that I am speaking entirely from memory, and I am subject to correction. My recollection is that Mr. Cadwell made two references to that \$1,200,000 in his evidence.

Mr. EWART: Then I understand that the other passages cannot be referred to?

Mr. CARVELL: I am willing, if you can find it. I will refer it to this witness. It seems to me that I have a recollection of Mr. Cadwell using these figures twice.

Mr. EWART: We cannot find it now.

Hon. Mr. DUFF: I see that Mr. Cadwell at that point says that he urged the argument of the necessary expenditure of \$1,200,000 upon Colonel Carnegie, and that Colonel Carnegie recognizing the strength of that contention and other things finally agreed to \$4. Could you express any opinion at this moment as to the necessity for expending \$1,200,000 to convert a plant for the production of brass graze fuses into one for the production of brass graze fuses made of steel?—A. No, sir, I could not.

Q. You could not?—A. No.

Mr. EWART: Perhaps I can supply my learned friend with what he has been referring to. It is on page 747, and is more nearly in line with what he says.

Mr. CARVELL: At the foot of page 747.

Mr. HELLMUTH: I want to get your attitude at that time. You knew perfectly well when you came to Ottawa at that date in June that if you had been asked by the Shell Committee to tender we will say on unloaded graze fuses, your tender would have been (may I put it) somewhere between \$2.40 and \$2.75?—A. It probably would. I will give my reason for asking even such a high price as that. They were to be made of steel, and that had required \$1,250,000 of special equipment to do it. The organization charge therefore was a very large amount on that number of fuses.

It says "organization" there. I think it means "amortization."

Q. Having read that to you, did Mr. Cadwell ever make any statement to you along those lines—because you see that puts it directly—

Mr. HELLMUTH: That was in June. I do not mean to interrupt my learned friend.

Mr. CARVELL: Mr. Hellmuth was examining Mr. Cadwell on the condition of affairs when he came to Ottawa in the months of May and June of 1915 to negotiate these fuse contracts and he was referring to what he had said to Colonel Carnegie or to the Shell Committee in order to get his price up to \$4, or to justify the price of \$4, and it seems that he must have made it appear anyway that at the time he had been making graze fuses for the War Office at a price of from \$2.40 to \$2.75, and he was giving as a reason that he would require \$4, and that he would require \$1,200,000 of special equipment to do it, that is, to change over from brass to steel.

Hon. Mr. DUFF: It looks like an estimate, although he used it in the past tense, in view of the time at which the statement was made. Is there anything on the next page?

Mr. NESBITT: It is modified slightly.

Mr. CARVELL: I do not see very much modification. I do not want to spend very much time over this.

WITNESS: I don't think that that was an unfair statement, to produce 13,333 steel fuses per day. That was what he was going to undertake, wasn't it?

Q. Ultimately. A. To produce those, and to produce them all in steel, it might occur to him he could not sub-contract them for steel the way he could for brass. There were places where he could sub-contract them, and he knew that for brass he had to turn round and start up his plant to make those fuses of steel, which necessitated not only the machines but buildings and everything that goes with a plant to make it up, and I think a plant to turn out that number of steel fuses per day and not sub-contract them to plants that had already certain amounts of plant available, would mean a very large investment.

Hon. Mr. DUFF: That is, to produce an entirely new plant?—A. Yes.

Q. But assume that the impression which was being conveyed was—just assume it for the moment—that that expenditure of \$1,200,000 was for the conversion of a plant built for the production of brass fuses?—A. Conversion of the plants that were making them?

Q. Yes, if you like, into plants for the production of steel fuses. We are dealing only with the cost of the change in the machinery; now what would you say?—A. I think it was a very large figure, of course. But he did not know at that time anything about making steel bodies for the fuses. Nobody knew.

Mr. CARVELL: Isn't it a fact that after Mr. Cadwell had gone through the experience and knew the results that he had told you that it would take \$1,200,000 to carry on the business over and above the advances which he had received from the Shell Committee?—A. The \$1,200,000? He spoke to me many months after this period at which he was talking to the Shell Committee about changes, and the \$1,200,000 he spoke to me about at various times was the extra money he had to supply since to carry out this contract, not to make changes, because the changes had all been made then.

Q. Anyway, he did tell you that he had been compelled to put up \$1,200,000 in additional plant or machinery?—A. No, not to change over.

Q. And that was the reason given here before this Commission?

Mr. NESBITT: Look at page 748.

Sir WILLIAM MEREDITH: I think it is very unfortunate that these questions were not asked of Mr. Cadwell. It is unfair to a witness not to give him an opportunity of an explanation and then challenge his statements by evidence of that kind. I have no doubt it was not intentional, but I think Mr. Cadwell should have an opportunity of coming back again to explain.

Mr. CARVELL: I would be delighted if that were done.

Sir WILLIAM MEREDITH: To explain, if explanation is necessary.

Mr. CARVELL: On page 748, this appears:—

“Mr. HELLMUTH: Mr. Cadwell has been perfectly fair about it; he has said that even if he had known that it was made of steel and that it had not been loaded he would have been prepared to tender at between \$2.40 and \$2.75 and take his chances.

WITNESS: Yes.”

That explains the thing, I think.

Mr. HELLMUTH: Of course I may be wrong, but I understood that Mr. Cadwell [Charles B. Gordon.]

said when he came here to get the contract in June that he used all the arguments he reasonably could to get a good fair price, that he thought Colonel Carnegie's \$4 was fair, and he used the argument that he was going to get \$1,250,000 in order to obtain plants or machinery that would change from brass to steel, and to cover the amortization of all that. But I never understood that he said that they had actually cost that much money.

Sir WILLIAM MEREDITH: On page 747 it looks like a statement that it had cost that.

Hon. Mr. DUFF: But having regard to the occasion on which it was used, it could not have been, although I am not sure that we did not get the impression that he was speaking of something that really had happened. That may not have been his fault, but the fault of the rest of them.

Mr. HELLMUTH: My recollection is that I asked him specifically at another date the entire amount of money he had put into this matter in addition to the advances he had received. It is not the easiest matter in the world to get these gentlemen here to give evidence, unless it is something very vital.

Sir WILLIAM MEREDITH: I think if Mr. Cadwell is charged with something which is not proved he should desire to come here and make his own statement.

Mr. CARVELL: I don't think I stand here as an accuser at all. I have tried to conduct my examinations in as gentlemanly a manner as I know how, and I object to being called an accuser. I have no objection to Mr. Cadwell returning. I would rather like to see him come back. I did not cross-examine Mr. Cadwell at all.

Sir WILLIAM MEREDITH: I think that was unfortunate, Mr. Carvell.

Mr. CARVELL: I think it was unfortunate, sir. I think it is also unfortunate that when I stand here and try to conduct my examinations fairly I should be called an accuser.

Sir WILLIAM MEREDITH: You are seeking to prove by this witness that Mr. Cadwell in the witness box made a false statement. If that is not an accusation, I don't know what it is.

Mr. CARVELL: You may draw that inference, if you choose to. I have been practising law for some years, and have found it necessary a good many times in my experience to make comments upon what a witness has said. I thought that was the right of any counsel.

Sir WILLIAM MEREDITH: I am not quarrelling with that. I think you are ultra-sensitive in regard to "accusation."

Mr. CARVELL: Mr. Gordon, have you been at the business of R. B. Phillips?—A. No, sir.

Q. Then you have no personal knowledge of that; do you know with whom Mr. Phillips was contracting for the delivery of fuses at the same time as he was contracting with the American Ammunition Company?—A. He had a contract with Russell.

Q. With the Russell Motor Car Company?—A. Yes, sir.

Q. What parts was he supplying to the Russell Motor Car Company?—A. I don't know. All I know is that he had a contract.

Q. Did he make good, or did he fall down on it?—A. He fell down on it, I believe.

Q. I understand that you are establishing a loading plant in Canada—we will use the words "somewhere in Canada," so that we will not be charged with trying to give our enemies the location. How far along have you got with that?—A. The buildings are all complete, or almost complete, the machinery is being installed, and I expect one or two units will be ready to run this week.

Q. What do you mean by the word unit?—A. A loading plant is composed of units, each loading room being talked of as a unit complete in itself.

Q. How many pressing machines would there be in a unit?—A. One loading machine in each unit.

Q. What would be the fair capacity when running under ordinary conditions of that loading machine in one day of ten hours?—A. I am told that the capacity of the American Locomotive Company, where they run steadily, is about 2,000 rings. There are two rings in a fuse, so that would be about 1,000 fuses.

Q. Per hour?—A. No, per day.

Q. Of ten hours?—A. Yes.

Q. What would you consider to be the approximate capacity of the plant you are now establishing, per day of ten hours?

Mr. NESBITT: When completed?

Mr. CARVELL: Not when completed, because I understand you can extend them indefinitely, but the present units as now started, when completed?—A. Well, there will be about 20,000 fuses per day.

Q. That is a pretty good plant, isn't it?—A. Yes.

Q. You are far enough along so that you commence to see the time when you will be loading fuses?—A. Yes.

Q. I will ask this question, subject to the objection of my learned friends around me. Approximately what is that plant going to cost you when it is ready to commence operations?—A. The loading plant?

Q. Yes.—A. We did not buy the land. We only leased the land, so that does not enter into it. I think it will cost about \$300,000.

Q. To load 20,000 fuses a day?—A. Yes.

Q. Have you had any very great difficulties in finding people in Canada who could erect those buildings and locate the machinery?—A. No. That is the easiest part of it.

Q. Have you found also any great difficulty in buying the loading machinery?—A. We were fortunate in being able to get an option that the American Locomotive Company had for this machinery, and we got quick delivery in that way.

Q. I am glad indeed that you were so lucky, and we all hope you will be successful. When did you commence the erection of your buildings and plant?—A. I think it was about the middle of February.

Q. Of 1916?—A. Yes.

Q. It is now only the middle of May, and you expect to commence loading next week?—A. Just in a very small way, only experimentally.

Q. You have erected the plant, and expect to be in a position to load fuses in three months in a plant of 20,000 fuses a day?—A. No, we start.

Q. I do not mean its capacity, but you will have erected a plant with a capacity of 20,000 per day?—A. That is not when we commence to build fuses. That is when we commence the loading plant. We have to commence the component parts six weeks before that.

Q. But the loading plant?—A. The loading plant was commenced about the middle of February.

Q. Do I understand that in three months you have erected a loading plant which you think will have a capacity of 20,000 fuses per day, and in that time you expect to commence the loading of fuses?—A. There are only one or two units which up to the present time are at all ready for loading.

Q. I understood you to say that the capacity of those units would be 20,000 a day?—A. The completed units of this plant. But parts of the units are there already.

Q. Tell me, what would be the capacity of the parts that are there now?—A. Very small. One room will be ready first. That will be ready this week, and it will load about 1,000 a day.

Q. What about next week?—A. We are going to get another next week.

Q. That will make 2,000?—A. Yes.

[Charles B. Gordon.]



Q. How long will it take you, do you think, to get up to the maximum, 20,000, if you press the work vigorously?—A. It will probably take us three months.

Q. Three months longer?—A. Yes, if we are very lucky.

Q. May I put it this way, that in three months you have got to where you think you can load 2,000 a day?—A. No. I did not say that. I said we had a unit there capable of loading 1,000 a day.

Q. And next week you expect another one?—A. That does not say that we will load them. I do not say that the component parts are ready yet. I say there is a unit there capable of loading 1,000 a day, if everything else is ready to load.

Q. If you will listen to my question, you will understand what I want. Within three months you have produced a plant capable of loading 2,000 a day?

Mr. HELLMUTH: 1,000, he said.

Mr. CARVELL: 1,000 this week and another thousand next week. That means the entire capacity in three months.—A. I will say in four months.

Hon. Mr. DUFF: Just a moment. Did you mean to say that the plant equipped capably, and with the complete organization?—A. No.

Q. I mean, with the two units for the 2,000 a day; you spoke of producing a plant capable of 2,000 a day. Do you mean that you simply had the physical parts of the plant there, or in addition to that you have the organization there which would be capable of producing those?—A. No. We haven't the organization. We haven't it ready.

Mr. CARVELL: I was only talking about the plant. I was coming to the organization and the labour a little later on.

WITNESS: I may as well make this perfectly plain. The buildings are ready. The sixteen units are started, that is, there are parts of the sixteen units there. We are trying to get one unit absolutely complete so that we may go on with experimental loading. The loading machine is in there for that unit. But there are a lot of accessories that go with the loading of fuses, that can only be got together in time. It will take some days to get those things together.

Mr. CARVELL: Let us say you will do it in four months?—A. I have no doubt whatever that we will have one or more units actually loading in four months.

Q. You mean four months from the time you commenced the construction of the plant?—A. Yes, and six months from the time we commenced the making of the component parts.

Q. Do you believe now that if you had the parts ready you could go on and finish the completion of that plant and load the number of shells you spoke of in four months more from the time you commenced the construction of your plant?—A. I hope so.

Q. And that work has all been done in Canada?—A. Yes.

Q. And by Canadians?—A. We have had the advantage of seeing all these other plants and getting their experience, especially that of the American Locomotive Company. We have had the complete run of that place.

Q. Which has been of great value to you?—A. It has saved us a great deal of time.

Q. I got an idea this morning that is different from that which has been conveyed in the past, and I want you to explain it if you can a little more in detail, and throw a little more light upon the subject.

You said that in the majority of cases the rest test of the time fuses practically passes inspection. As I understand you take the time rings and in some way you ignite the powder when it is setting at rest on a table or something like that, it burns and you test the time of the burning and it comes out practically correct.  
—A. Yes.

Q. That seems to be the general result?—A. That is the general practice, apparently.

Q. Would that not indicate that the mixture of the powder components with the atmospheric conditions, such as moisture and those things which have been so minutely described to us by witnesses, seems to have been overcome by the American Ammunition Company?—A. Yes. Their rest tests shows very well; latterly, that is.

Q. Wouldn't that show that the mixture of the powder and the different atmospheric conditions seem to have been fairly well overcome?—A. Yes.

Q. Would the fact that the firing tests are unsatisfactory indicate that there was a difficulty in the machining of the groove which is filled with powder and getting too much or too little powder in, or would it indicate some laxity or difficulty in the functioning of the mechanical parts of the fuse?—A. It would likely be the mechanical parts, if the rest test was right.

Q. That is what struck me, if the rest test was right?—A. It would most likely be the mechanical parts.

Q. There is something difficult in the making of the component mechanical parts of a fuse, as well as the loading?—A. Yes, a great deal.

Q. I may say that the idea that has been brought to my mind by Colonel Carnegie and other witnesses here has been that practically the great difficulty in the making of fuses was in the loading; would your judgment be that there is difficulty in other parts as well as in the loading?—A. Yes. There is difficulty right from the start.

Q. That raises a question, and I might as well let you have it now. I understand that in Canada you are going to do the loading, and different contractors are going to be making the mechanical parts of the fuses?—A. Yes.

Q. Who does the assembling?—A. The loading plant.

Q. Who does the inspecting?—A. The parts are inspected at the component parts manufacturers and they are reinspected after they are sunk and loaded. They are reinspected as they are sunk and loaded.

Q. Perhaps I had better not ask the next question. Do you anticipate any difficulty with your contractors when it comes to the official testing out of the plant?—A. Yes. I will be very much surprised if we can sail right ahead without any trouble.

Mr. EWART: Mr. Gordon, when Colonel Carnegie was in the witness box he supplied us with certain correspondence that had passed between him and Dr. Harris with reference to the International Arms and Fuse Company's request for an extension of time. The date of that correspondence is in November. That would be before you came in?—A. Yes, sir.

Q. Before you took the subject up with the International Arms and Fuse Company, I presume that correspondence was brought to your attention?—A. I don't remember it.

Q. Don't you remember it?—A. No.

Q. I would like to give you an idea what that correspondence indicates?—A. With the International Arms and Fuse Company?

Q. Yes.—A. I don't remember it.

Q. The first letter is dated the 17th of November, and will be found at page 166 of the record, and is a letter from Dr. Harris, in which he says that the Brown and Sharp Manufacturing Company of Providence had the contract for making the gauges which were necessary to supply to the sub-contractors. You were aware of that, were you not?—A. I suppose so. Yes, I probably was aware of it.

Q. Dr. Harris says in his letter that "the Brown and Sharpe Manufacturing Company are among the largest and best known manufacturers of fine tools and gauges in this country, which was the reason we placed our order with them, and their delay in delivering all the gauges has caused great inconvenience to us and our sub-contractors."

[Charles B. Gordon.]

"We are making good progress with many of the parts, and if all of the gauges had been delivered we are confident that we would have made a remarkable showing at this time."

On account of that and other delays, on account of difficulties in connection with strikes, and for other reasons, a request was made in that letter for an extension of two months of time. Colonel Carnegie replied to that and made no reference to the difficulties about the gauges, but dealt with other subjects.

Then on the 23rd of November, Dr. Harris wrote another letter, in which he said that the matter had been taken up with the Brown and Sharpe Company, and that "we told them that it was imperative that complete sets of gauges be delivered immediately. To this they replied that if we could call off a strike it was more than they could do. However, they have promised us at least one set of complete gauges the latter part of this week, and if we get this set of gauges you may rest assured that we will speed production in every way possible."

I wish to call your attention to the reply which Colonel Carnegie made to that letter. Colonel Carnegie said, in his letter dated November 26th, "The difficulty of gauge production has been with us for the last twelve months, but we should be glad if you can inform us why you did not cancel the contract and have the gauges produced elsewhere if this were possible, when you found that there was no chance of them living up to their promise."

I suppose from what you have told us here, Mr. Gordon, that you can see some good reason why under certain circumstances it is not advisable to cancel a contract even though it has not been lived up to?—A. Yes.

Q. You went to Providence, you told the Commission?—A. Yes, later on.

Q. For some purpose?—A. Yes.

Q. Did you inspect the establishment of Brown and Sharpe?—A. No. But I know they are very good people.

Q. Did you make any investigation into this subject that I have been calling to your attention?—A. Gauges?

Q. Yes?—A. Not that particular style of gauges, but we had a lot of trouble with gauges.

Q. But the failure of Brown and Sharpe to supply gauges?—A. They supply gauges to almost every one in this country.

Q. They were very much behind with everybody?—A. Yes.

Q. And in that respect the International Arms and Fuse Company got into difficulties?—A. Yes.

Mr. NESBITT: There was a great deal of trouble with labour, in their factory?—A. I could not say. This was the first I had heard of labour troubles.

Q. I want to ask you this: do you know Mr. Sise, Montreal?—A. Yes.

Q. We have a tender of approximate date which he gave the Shell Committee for the No. 100 graze fuse at \$4. Is he a capable contractor?—A. Yes.

Q. A man of standing and reputation?—A. It was the Northern Electric Company. It was not Mr. Sise.

Q. But it was signed by Mr. Sise?—A. Yes.

Q. You know about it, do you?—A. Yes.

Q. It was a tender you would have paid respect to?—A. Yes.

Q. They are a reputable firm?—A. A perfectly reputable firm.

Q. And you would take their judgment as to what a thing was fairly worth?—A. I think they are in a position to give a tender that could be relied on.

Q. I want to take you back, because a good deal has been said about what was done about the end of May or the beginning of June about paying \$4 for graze fuses.

Do you agree with Colonel Carnegie that on the 11th of June he said that the English War Office let a contract for graze fuses to one of the great companies in England—I will give you the precise language he used; it is on page 148 of the Report.

"I can without betraying any trust say that at the same time, I may mention the date, about the same time the 11th of the 6th, 1915, an order was placed in England which I presume what will be termed by the Company itself the best Company fitted for the manufacture of fuses, manufacturing perhaps fuses longer than any other company in England apart from Woolwich Arsenal, which is not a company, an order was placed for No. 100 fuses at \$3.60 each for an empty 100 fuse with gaine. We are purchasing gaine in Canada to-day for 15, 20 and the first prices were 30 cents. I want to make this comparison, showing that with the knowledge that a great company such as I have referred to in England, at the same time as we were deliberating upon the prices of 100 fuses came to this decision, that on the same date as they had received an order for 1,000,000 No. 80 fuses at \$3.72 they took from the War Office an order for 100 fuses with a gaine, empty fuses with a gaine, at \$3.60."

Q. Do you agree with that?—A. Certainly. It is a matter of record, I suppose.

Q. In those records you say you will produce for the Commission?—A. I don't know whether they are there or not.

Q. He is said to have been speaking from a record which was kept under lock and key in the Munitions Board for the information of the Board in regard to these fuses. That would be the same document to which you are referring?—A. I think so.

Q. And you think that document was left here by Mr. Hichens?—A. I think so I am not sure where it was.

Mr. HELLMUTH: Mr. Gordon is going to give us the records, or the extracts from them.

Hon. Mr. DUFF: Mr. Nesbitt was asking Mr. Gordon about them, and I gather that Mr. Gordon has no personal recollection about the matter.

Mr. HELLMUTH: I understand that Mr. Gordon is not going to give us the English document with full particulars, but certain extracts.

Sir WILLIAM MEREDITH: There were certain questions asked and certain figures given, covering what Mr. Nesbitt says.

Mr. NESBITT: You notice that that is an unloaded graze fuse?—A. Yes.

Q. An empty No. 100 fuse?—A. Yes.

Q. So that if you take the loading as against the gaine, it would make \$3.60 as against \$4 here for the same article, at that same time?—A. Yes.

Q. And you have the additional fact that at that time the Northern Electric Company through Mr. Sise were tendering at about \$4 for that article?—A. Yes.

Q. Now you have Mr. Cadwell saying that he would have been prepared to have tendered for an unloaded brass fuse, a No. 100 graze fuse, at from \$2.40 to \$2.75 at that time?—A. Yes.

Q. Do you suggest any criticism of Mr. Cadwell when he says that when he was faced with the proposition that they wanted a steel fuse, which had been unknown upon this continent, the No. 100 fuse loaded, that he would not touch it at a cent under \$4; have you any criticism to offer on that?—A. I have no criticism to make.

Q. Have you, in the light of all that has occurred since, any criticism to offer on the letting of that fuse contract under the circumstances, new and experimental, at \$4?

Mr. CARVELL: I do not want to interrupt my learned friend, but in view of the statement on page 748, which I have read to the witness, he is not being acquainted with the actual facts.

Mr. NESBITT: I am going to read it. It will only take a minute, unless Mr. Gordon wants to get away.

Hon. Mr. DUFF: I have an appointment at the Supreme Court for two o'clock.

Hon. Mr. NESBITT: Do you want to adjourn now, sir?

Hon. Mr. DUFF: Yes.

(The Commission adjourned at one o'clock until 2.30 p.m.)

[Charles B. Gordon.]

## AFTERNOON SESSION.

OTTAWA, Wednesday, May 17, 1916, 2.30 p.m.

Examination of CHARLES B. GORDON, continued.

*By Mr. Nesbitt:*

WITNESS: I would like to make a statement. I was asked about the record, whether they could have access to it, and where I got the record of these. It was left here by Mr. Hichens, and Mr. Perry gave it to me. It was not accessible at the time that these contracts were made last spring; it was not in existence then as a matter of fact.

Mr. HELLMUTH: I saw Mr. Perry in regard to those records a few minutes ago, and he informs me that the specific instructions from the British authorities are that those are not to go out of the personal observation of the members of the Imperial Munitions Board, but that that would not apply of course to the Commissioners individually seeing them. He does not know whether that would cover the question of counsel seeing them. I have not seen them of course. So for as I am personally concerned I am quite willing to waive my right to that.

Sir WILLIAM MEREDITH: The difficulty I see about that is, first, the objection to anything being seen by us which ought not to be seen. Then if we were to act upon it it ought to enter into our findings, and how could we avoid referring to it? —A. I do not see how that difficulty is to be got over.

Mr. HELLMUTH: I am afraid that I am not prepared to solve the difficulty. I am prepared only to state it.

Mr. CARVELL: I think if the Commissioners were to make a finding on information which they were not allowed to make public, it would be of no practical value.

Sir WILLIAM MEREDITH: I agree with what Mr. Carvell says. Perhaps permission can be got to make them public with regard to the matters that affect these particular contracts we have heard about.

Mr. HELLMUTH: I will ascertain in regard to that.

Sir WILLIAM MEREDITH: Did you say Mr. Perry?

Mr. HELLMUTH: Yes, he is the English representative on the Board.

Sir WILLIAM MEREDITH: I had not heard his name before. Now, Mr. Nesbitt.

Mr. NESBITT: I wanted to say that, looking at the following page to what I was looking at at the time I was asking Mr. Gordon before, when Mr. Carvell interposed, I think he is perfectly right and I was wrong in thinking that the difference in the tenders between \$2.40 and \$2.75 was only as to brass, because Mr. Hellmuth says:—

“Mr. Cadwell has been perfectly fair about it. He has said that even if he had known that it was made of steel and that it had not been loaded he would have been prepared to tender at between \$2.40 and \$2.75 and take his chances.

WITNESS: Yes.

So that it seems I was wrong in assuming it was only brass that made the difference.

*By Mr. Nesbitt:*

Q. I wanted to ask you just one or two other questions, Mr. Gordon. I did not quite understand your answer in reference to either the International Fuse Company or the American Ammunition Company, and I am not distinguishing one from the other unless it is necessary. Did you suggest any steps to them that they should take that they did not take at all, or did they seem to try and follow up any

suggestion you made to get things out?—A. All the suggestions that I made to them that were practicable—some one or two suggestions I made proved afterwards to be impracticable—they were quite willing to follow.

Q. And did follow?—A. And did follow, yes.

Q. Would it be fair to say that when you first went down they were doing everything in their power to facilitate the production of fuses that the situation with its various complications permitted of?—A. When I first went there I was not very insistent with suggestions, because I did not know myself then just what was needed; but as time went on I made more suggestions, and they were always willing to follow all suggestions I made.

Q. Then you of course yourself do not, I suppose, pretend to have any technical knowledge of the fuse business?—A. No.

Q. Nor of the loading?—A. No.

Q. Nor of the reasons of the difficulties?—A. I did not then.

Q. Would you say that you were in any sense an expert now on the loading of fuses?—A. No.

Q. Because the reasons I ask you is that Mr. Carvell put one question to you which seemed to indicate that you thought you had the solution of what the difficulty was why these fuses would not pass gun fire at Quebec?—A. That was not of my own knowledge, that was knowledge picked up from other people who do think they know.

Q. And are they all being tried out? Mr. Cadwell or somebody said that he had had the benefit of British experts, I think, Russian experts, and various other experts, and that he was trying every possible way to solve the difficulty?—A. Yes, I think he did.

Q. And I suppose there is no certainty, or else it would have been solved amongst the experts, as to where the difficulty lies?—A. No.

Q. And for aught that you know you may find the same difficulties when you attempt your loading in Canada?—A. Yes.

Q. Do you know yourself, because I am informed that it is an error, of any unloaded 100 graze fuses that were being let in June of 1915 at \$1.75? I am told that that is not correct at that date?—A. In June.

Q. Yes.—A. I do not know what the dates are exactly, they are spread along through those months there before and after that.

Q. You could not tell except by looking at your record?—A. No.

Q. Because the lowest that Mr. Cadwell apparently knew, and I understand him to say that he was the first to take these graze fuses unloaded, was \$2.40 and another \$2.75. Would you care to differ with him about that?—A. It is a matter of record.

Q. Then you were asked, I think, at one stage of your examination about whether the men and girls were there to be trained. You could not have them there until you had the component parts and something there to train on, could you?—A. No.

Q. In other words, there would be no object in getting a staff together until you had something for the staff to work on?—A. No, no object.

Q. Now, I think you said that the 85 that the Scovil Company and the American Locomotive Company are making is about in your judgment fifty cents apiece cheaper to manufacture than the 80 over 44?—A. Yes.

Q. Or the 80 Mark V?—A. Yes.

Q. Or, indeed, the 80 Mark VII?—A. Yes.

Q. So far as you know is there any firm in the United States that is turning out, apart from your contracts, the 80 fuse loaded?—A. No, nobody is turning out 80 Mark V or the 80 over 44 or the 80 Mark VII, except apart from our contracts.

Q. On this whole contract?—A. No, not that I know of.

Q. And were you informed that the Scovill Company—they are supposed to be the best?—A. Yes.

[Charles B. Gordon.]

Q. That they have always declined to attempt the 80 Mark V?—A. No, I did not know that.

Q. That was stated here, I think, by Colonel Carnegie, that Mr. Goss—is that his name?—A. Mr. Goss.

Q. Said he would not undertake them at all. They seemed to be more difficult to get past the firing test. Then just one other question. You were speaking of inspection. I do not know whether as to these fuses the remark applies, but do you know as a practical man in inspecting, that if you, say, take half a dozen inspectors in the same room, you will get an article that will pass one and won't pass another? In other words, there is more or less in the skill of inspection and the judgment of the inspector. Do you know whether that applies in these matters or not?—A. That might apply in particular cases, but I should say that if the stuff was generally right it would pass the inspectors.

Q. The reason I asked you is that I happen to know of a certain inspection of munitions, not fuses at all—A. No.

Q. Where it has been a somewhat amusing experiment with half a dozen inspectors, where the same inspector with the same article, not knowing it was the same article, gave quite a different judgment within half an hour—the same inspector.—A. I suppose that is possible.

Q. The same inspector did not try out the fuses at Cape May and at Quebec?—A. No.

Q. They are different inspectors?—A. They are different inspectors.

Q. I did not know whether that might make a difference or not.—A. I don't think so.

Q. You think not?—A. Not in that case.

Q. Not in the case of the fuse. Then another question. You were asked about the rapidity with you had got your assembling and loading plant together in Canada. I understood you to say that in regard to the machinery for that you had been able to get the assignment of an option that the American Locomotive Company had on the machinery.—A. On the loading machinery.

Q. On the loading machinery?—A. Yes.

Q. That I suppose was a very great advantage, was it not?—A. Yes, that saved us a good deal of time.

Q. Would you say how much, supposing you had to order that in the first instance as compared with taking advantage of an order that was standing on some firm's books, what would be the difference in delivery do you think?—A. Well, it is hard to say, but I should think it saved us perhaps six weeks or two months in that particular quantity of machines.

Q. As a matter of fact, Mr. Gordon, tell me if I am right about it, all the makers of machinery necessary for the production of munitions of war are very much overloaded with orders?—A. Yes.

Q. And if you put an order in now you may not get the machine for months?—A. In many cases, yes.

Q. Where in normal times you could have got it in weeks?—A. Yes.

Q. I gathered from the evidence, tell me if the impression is correct, that both the International Company and the American Munition Company had their loading plants ready some considerable time before the component parts were ready to be assembled and operated by the loading plant?—A. Yes.

Q. So that their loading plants were ready a good deal ahead of the time when they could be made use of?—A. Yes.

Q. That is all, I think, Mr. Gordon.

Sir WILLIAM MEREDITH: Mr. Hellmuth.

*By Mr. Hellmuth:*

Q. Just a question or two arising out of what has taken place. In regard to these

tests, you have said the difficult test, as I understand it, is the gun proof firing test?  
—A. Yes.

Q. That test takes place with more than one inspector, that is, there are others who have stop watches timing the moment of explosion. Is not that the way it is done?—A. Three usually at Quebec.

Q. And they have to time it roughly within a tenth of a second?—A. Yes.

Q. Is it not a fact that it is difficult to get three men who absolutely agree upon the tenth of a second with their stop watches?—A. I thought so, but it was explained to me by experts that it is not at all difficult.

Q. That it is not at all difficult?—A. And that in actual practice there is no difficulty.

Q. The reason I ask you that is, did not the Russian Government institute a different method of testing on account of what they thought was that difficulty by having what are like telegraph posts put in within 60 feet of one another, firing the shell, and seeing whether it exploded at the right place? In other words, a practical test. Haven't you heard of that test?—A. No, I could not say about the Russian Government.

Q. Haven't you heard of that test?—A. Something, but nothing I could speak of.

Q. You have not heard that they adopted that test because they were dissatisfied with the stop watch test?—A. No.

Hon. Mr. DUFF: That would not be a test of the fuse simply?

Mr. HELLMUTH: No.

Hon. Mr. DUFF: But a test of the whole shell. All this discussion has to do with their test of the fuse.

Mr. HELLMUTH: Don't they fire the fuse with the shell?

Hon. Mr. DUFF: Certainly.

WITNESS: Yes.

Mr. HELLMUTH: But I mean in the test here?—A. Yes.

Hon. Mr. DUFF: Certainly.

Mr. HELLMUTH: And they have to take what the velocity of the shell is?—A. Yes, but they test all the component parts at the same time, they test the cartridge case, they test the shell itself and they test the fuse.

Q. That is what I understood. They do not test the fuse alone.

Hon. Mr. DUFF: Then I misunderstood. I thought the test for the fuse is simply a time test.—A. So it is.

Q. So a time test would not necessarily be a test for the cordite for the propellant?—A. No.

Q. The Russian test Mr. Hellmuth spoke of would be a test for the shell as a whole.

Sir WILLIAM MEREDITH: Would you ask him if there are not instruments for measuring the velocity?

Mr. HELLMUTH: Are there not instruments for measuring the velocity of the shell?—A. Yes, at the gun's mouth.

Hon. Mr. DUFF: Certainly.

Mr. HELLMUTH: And then are there not calculations made in regard to the velocity of the shell after it leaves the gun's mouth?—A. The actual bursting is from observation.

Hon. Mr. DUFF: It is the time.—A. The actual bursting of the shell, the time is taken from observation of the bursting.

Mr. HELLMUTH: I appreciate that.

Hon. Mr. DUFF: Just a moment, Mr. Hellmuth. I understand you to say that

[Charles B. Gordon.]



in testing the fuse you test the time taken from the firing of the gun, whatever the proper word is there, to the explosion of the shell?—A. Yes.

Q. Is that it?—A. Yes, so many seconds.

Q. And the explosion is taken from observation?—A. Yes.

Q. And the question to be determined on that test is the number of seconds that elapses between the one point of time and the other point of time?—A. Yes.

Q. And that is the test of the fuse?—A. Yes.

Q. And the only fuse?—A. That is all. Time is the only—

Q. Element considered in that at all. The distance has nothing to do with it in that test.

Mr. HELLMUTH: That test of course for practical purposes of war would be utterly useless. It is not merely that a shell when fired is to explode at a given time, but it is to explode at a given time and place.

Hon. Mr. DUFF: But the point about the fuse is that it explodes at a given time.

WITNESS: They know how fast a shell travels, so if it burst in 22 seconds it has just gone 22 times the muzzle velocity.

Mr. HELLMUTH: Exactly; and knowing the time which the shell will take to travel, and knowing that it will reach spot A at a given time, they want the fuse to explode the shell at that place.

Hon. Mr. DUFF: Certainly.

Mr. HELLMUTH: Is not that the idea?—A. That is the idea.

Q. Then if they know the time at which the shell travels, don't they get the practical test best under this Russian method? Would it not be an absolutely accurate test if they know the time within which the shell takes to travel that distance?—A. Yes.

Q. That is to say, they say—

Sir WILLIAM MEREDITH: He agrees with you.

Mr. HELLMUTH: All right.

Hon. Mr. DUFF: It is a test of both the fuse and the propellant. The time test is a test of the fuse only. That is the difference between the two.

Mr. HELLMUTH: Then, Mr. Gordon, you spoke of this factory that you are putting up at Montreal. What part of the machinery to be used in that factory have you made here in Canada?—A. Very little.

Q. Practically the entire machinery has come from the United States? Is that not so?—A. Yes.

Sir WILLIAM MEREDITH: Did they pay duty on it?

Mr. HELLMUTH: You do not pay duty on it I suppose?—A. No.

Q. It is for the Dominion or the Imperial Government, and the duty is waived?—A. Yes.

Q. Then have you secured any expert loaders, foremen or others as yet?—A. Mr. Hatheway has charge of the loading plant, he is to have full charge of it.

Q. Is Mr. Hatheway a fuse expert?—A. No.

Q. Then do you know whether Mr. Hatheway has engaged any expert managers and expert foremen for loading?—A. Yes.

Q. He has?—A. We sent a chemist to England early in January to study the powder end of it at Woolwich. He has returned and is ready to go into this loading plant.

Q. That is somebody that you got here in Canada?—A. Yes.

Q. And you sent him over to learn the business?—A. To look up the powder end. Then we have another man from the Coventry Works that was sent out to us by the mechanical end. So they are both here.

Q. The mechanical end is for the purpose of assembling, because you are not making mechanical parts?—A. Directing the manufacture of the mechanical parts.

Q. That would not be at the plant you are putting up?—A. He will be at that plant because he knows it all, both the—

Q. Do you know whether any foremen or skilled operators have been engaged?—A. Yes, Mr. Hatheway has made arrangements for a staff.

Q. Is that from England or from the United States?—A. I think he expects to secure most of them in the United States.

Q. Have you got your master gauges and that sort of thing yet?—A. Yes.

Q. Where did you get those from?—A. Well, we gave them out in many different places. There are over 380—

Q. Sets?—A. Different gauges required for that fuse, and ten sets of each, so it means thousands of gauges altogether.

Q. Were the International gauges used in any way as guides?—A. Not that I know of.

Q. Did you have any one of your experts or people go to the International? Was Mr. Hatheway down there?—A. Yes, he was there several times.

Q. For the purpose of informing himself?—A. Yes.

Q. I mean not for the purpose of overseeing the International?—A. No.

Q. But for the purpose of informing himself in order to be capable of understanding the work here?—A. He went to every loading plant and every fuse place he could possibly get into.

Q. This question is suggested to me. Were there the same facilities for acquiring machinery and building a loading plant and equipping the same in April of last year as at the present time for the time fuse?—A. I think it would be pretty much the same.

Q. I understood there were no 80 fuses being manufactured in April a year ago. I thought you said that.—A. No, there were not, but there were 85. It is the same machine that loads the 85, the same loading machinery.

Q. Is it the same in all its materials parts?—A. All except the die, exactly the same machine otherwise.

Q. Exactly the same machine except for the die?—A. Yes.

Q. How many people were there in April loading time fuse 85?—A. Scovill and the American Locomotive—I do not know that they were, but Scovill was. I do not know about the American Locomotive Company.

Q. I thought that practically the Frankford Arsenal and the Scovill Company were the only people at that time.—A. In April?

Q. Yes, of 1915.—A. I think that is right.

Q. There would not have been the facilities that Mr. Hatheway could see in this April last April?—A. No.

Hon. Mr. DUFF: They were making 80 fuses in England last year I suppose, were they?—A. Yes.

Q. Are there any great differences between the processes carried on there and here so far as you know?—A. I understand—

Q. I do not want you to go into details.—A. I understand that the loading machine at Woolwich is a much slower process than ours is. It takes some 15 seconds to press a ring there, and it is almost instantaneous here.

Q. That is this loading machine which is an adaption of the 85 loading machine?—A. Yes.

Q. I want to ask you about these graze fuses. I suppose there have been some shells shipped fitted with the 80 fuse from here?—A. 80?

Q. No, the 100 fuse.—A. No.

Q. None yet?—A. Not that I know of.

Q. No complete 4.5 shrapnel shell has yet been shipped then from this country?—A. No. Not because they have not had the fuses.

[Charles B. Gordon.]

Q. But that is the fact, is it?—A. No, none with fuses that I know of.

Q. Do you happen to know about the graze fuses that have been shipped themselves?—A. Yes.

Q. They have all been unloaded of course?—A. All unloaded.

Q. Would you know if they had functioned imperfectly? I do not want you to go into details at all, Mr. Gordon. In the ordinary course if they were not up to standard.—A. There have been some complaints.

Q. Would you be advised?—A. Yes.

Q. In the ordinary course you would be advised?—A. Yes.

Q. Speaking broadly, has the manufacture of the graze fuse been successful? You would rather not answer that?—A. Why, really I don't know.

Q. Now, do you happen to know when the Morgans became the agents for the British Government for the purchase of munitions?—A. No, sir.

Q. Can you from your own experience here in the Imperial Munitions Board say whether or not there would be any difficulty in consulting with them as to conditions in the United States with reference to placing orders?—A. No, difficulty whatever.

Q. They would be familiar naturally, I suppose, with prices?—A. Yes.

Q. And with manufacturing resources?—A. We are consulting with them every day since we came into office.

Q. Since you came into office you have treated yourselves as one agent of the same principal as they were agents of?—A. Yes.

Q. And they have acted in the same way towards you?—A. Yes, sir.

Q. Now, I suppose naturally they would have experts whose business it would be to be familiar with the progress of the manufacture of fuses in the States.—A. I do not know that that comes under—they placed the orders, but Mr. Moir's office, I understand, looks after the production and delivery of materials, of everything.

Q. I will put it this way. I did not want to ask you about the organization of the agency there. But using the term agency broadly—A. But Mr. Moir has nothing to do with the Morgans.

Q. No, no, that is not my point. Using the term agency broadly as covering Morgans and the Inspection Branch, whatever it might be, would there be sources from which information could be got with regard to these points?—A. Oh yes.

Q. Then if you were to let a contract for fuses in the United States, what would be your natural course for the purpose of ascertaining the conditions in order to enable you to arrive at proper conclusions with regard to the price, the time and so on? I mean as the agent of the British Government. What would be your course as a business man?—A. We have not had to let any contracts.

Q. I know you have not.—A. I would take every means possible to find out the price.

Q. You would take every means possible and every advice in order to inform yourself, naturally. I think that is all.

Sir WILLIAM MEREDITH: Let me understand about the timing of this test. Do I understand that there are three men with stop watches?—A. Yes, sir.

Q. And is it your information that those stop watches are identically the same, indicate the same?—A. I understand that they time to within one-hundredth part of a second.

Q. Would not a hundredth part of a second even make a good deal of difference?—A. Yes.

Q. Supposing there is a difference between the three, what is done? Is the test gone over again or is it averaged, or what?—A. I think it is averaged, always giving the manufacturer the benefit of the doubt.

Q. I think it was suggested perhaps rather more than said that more scientific

methods were adopted in this test in the States, this place you spoke of, than in Quebec.—A. I do not think so, sir, not from what information I have gathered.

Q. Unless there is some reason why you should not answer the question, what about the powder; do you buy the powder as it is put in the fuse, or do you make a combination?—A. No, we buy two grades of powder, a slow and a quick-burning powder, and the mixture is made of the two, they are blended.

Q. Is making the proper mixture, a delicate process do you know?—A. Well, I thought it was until the American Locomotive, I think, told me that there was no great difficulty.

Q. Now, put yourself in Mr. Cadwell's place for a moment if you can, and suppose he came to inspect your work at Quebec, do you think he would make the same criticism as you made of his?—A. If he came in there to-day he would.

Q. He would?—A. Yes.

Q. Do you know the standing of Colonel Birnie and Major Hawkins as fuse experts?—A. I know it by reputation, yes.

Q. Don't answer this unless you think it may be properly answered. Have you as yet anybody of the standing of those two gentlemen?—A. Well, we have not endeavoured to get anybody just of that standing, because we have been fortunate to have access to all these men with our own staff.

Q. You get their brains without paying them; is that what you mean?—A. That is about it.

Q. I suppose you have got nothing like your intended staff of workmen there?—A. No, sir, not yet.

Q. How are you instructing your workmen?—A. I could not say.

Q. Is that done in the process of doing the work, or is there a kind of class lectures with them?—A. Do you give them demonstrations, or how is it done?—A. Mr. Hatheway has attended to that and I do not know what preparations he has made with them.

Q. That is all.

Hon. Mr. DUFF: By the way, are you dealing with graze fuses at all?—A. Yes, sir. Do you mean at this plant?

Q. I mean you, the Munitions Board?—A. Oh, yes, we are.

Q. Are you preparing to load them?—A. No.

Q. Then they are to be loaded in England?—A. Yes.

Q. There is no mistake, is there, that all the loading of graze fuses has been done in England?—A. All the loading has been done in England.

Sir WILLIAM MEREDITH: Why was that?—A. Well, it is a very simple operation, Sir William, the loading of the graze fuse, and they do not want to take the risk of shipping them loaded.

Sir WILLIAM MEREDITH: Next witness.

Mr. HELLMUTH: Mr. Yoakum.

BENJAMIN F. YOAKUM, examination resumed.

*By Mr. Hellmuth:*

Q. Mr. Yoakum, when we adjourned on Friday last you were going to bring some papers or documents certified showing the orders that had been given upon you by Mr. Allison for certain proportions of the commission given to him. Did you bring those with you?—A. Yes, sir.

Q. Will you let me have them? You might give them to me in the order in which they were filed by you?—A. Well, the dates would have to govern that of course.

Q. Yes, naturally, if you have them altogether?—A. I will hand them to you just as I have got them. In what order do you want them?

[Benjamin F. Yoakum.]

Mr. HELLMUTH: I suggested the order of date?—A. I believe that is about the first.

Q. This is December 2, 1915. Have you anything earlier than that?—A. Yes.

Q. Thank you. This is the same date?—A. Yes. The first one I handed you is the first.

Q. December 2, 1915.

Sir WILLIAM MEREDITH: Is it worth while getting the form of these on the record?

Mr. HELLMUTH: I will put them in:—

DECEMBER 2, 1915.

“Hon. B. F. Yoakum, 71 Broadway, New York City, N.Y.

“DEAR SIR,—Out of the commission due me on account of contract, dated June 19, 1915, between the American Ammunition Company, Incorporated and the Shell Committee of Canada, for the manufacture and purchase of 1,666,666 No. 100 fuses, and 833,334 80/44 fuses, I irrevocably authorize you to pay to Major George Washington Stephens the sum of \$10,000.00. The above sum to be paid to Major Stephens on a *pro rata* basis as and when commissions are received by you.

Yours very truly,

J. WESLEY ALLISON.”

(Marked as Exhibit 293.)

Sir WILLIAM MEREDITH: He is spoken of as Colonel.

Mr. HELLMUTH: The promotions are very rapid at present. Then the next one is on the same date:—

DECEMBER 2, 1915.

“Hon. B. F. Yoakum, 71 Broadway, New York City, N.Y.

“DEAR SIR,—Out of the commission due me on account of contract, dated June 19, 1915, between the American Ammunition Company, Incorporated and the Shell Committee of Canada, for the manufacture and purchase of 1,666,666 No. 100 fuses, and 833,334 80/44 fuses, I irrevocably authorize you to pay to E. E. Lignanti, the sum of \$50,000.00. The above sum to be paid to Mr. Lignanti on a *pro rata* basis as, and when commissions are received by you.

Yours very truly,

J. WESLEY ALLISON.”

(Marked as Exhibit 294.)

Q. Then this is January 20, 1916:—

JANUARY 20, 1916.

“Hon. B. F. Yoakum, 71 Broadway, New York City, N.Y.

“DEAR SIR,—Out of the commission due me on account of contract, dated June 19, 1915, between the American Ammunition Company, Incorporated and the Shell Committee of Canada, for the manufacture and purchase of 1,666,666 No. 100 fuses, and 833,334 80/44 fuses, I irrevocably authorize you to pay to Colonel William McBain the sum of \$30,000. The above amount to be paid to Colonel McBain on a *pro rata* basis, as and when commissions are received by you.

The above does not include the 3,000,000 shells contracted for by the Canadian Car and Foundry Company, which 3,000,000 shells is in addition to the original 2,000,000 shells taken by that Company. It does, however, settle in full all other matters of every nature and description.

Yours very truly,

J. WESLEY ALLISON.”

(Marked as Exhibit 295.)

Q. Do you know anything about the three million shells?—A. That was the old Canadian Car Shell contract, I am not familiar with it.

Q. There are some more I think?—A. Yes.

Q. March 3rd:—

March 3, 1916.

“Hon. B. F. Yoakum,  
71 Broadway, New York.

“Dear Sir,—Out of the commission due me on account of contract dated June 19, 1915, between the American Ammunition Company, Inc., and the Shell Committee of Canada for the manufacture and purchase of 1,666,666 No. 100 Fuses and 833,334. <sup>80</sup>/<sub>100</sub> Fuses, I irrevocably authorize you to pay to M. G. Edwards, the sum of one hundred and five thousand dollars (\$105,000.00.) The above sum to be paid to M. G. Edwards, on a *pro rata* basis, as and when commissions are received by you.

Yours very truly,

J. WESLEY ALLISON.”

(Marked as Exhibit 296.)

Q. Are there any more?—A. That practically exhausts it. The balance is only correspondence with Mr. Craven in the original \$30,000. That I don't seem to have unless I find it here. It was by letter. This is correspondence..

Sir WILLIAM MEREDITH: You had better put it all together.

Mr. HELLMUTH: I will put them together and try and get them in order.

Q. Just before I put this in, you said that practically exhausted the matter save the balance. What was the balance?—A. Mr. Johnston asked me for a statement of expenses.

Q. Oh yes, have you got that?—A. I did bring that with me, yes. I am rather careless about getting my papers mixed here.

Q. We won't leave you with many of those papers.

Mr. JOHNSTON: File the lawyers' bill.

Hon. Mr. DUFF: The lawyers' bill will never get lost.

Mr. HENDERSON: Mr. Johnston wants some pointers.

Mr. HELLMUTH: I am not going to ask you now about the expenses altogether, but can you tell me roughly what balance—oh, you have it?—A. Now, with what you have of the expenses asked for by Mr. Johnston, I think that cleans up the deck.

Q. The expenses are quite modest?—A. I didn't know what they were; I know now.

Q. Who is this gent'eman?—A. Hull.

Q. This is a memorandum addressed to Mr. Yoakum dated May 16, 1916, of the expenses incurred by you in connection with the fuse contract of June 19, 1915.

“Mr. Yoakum:

The expenses incurred by you in connection with the fuse contract of June 19, 1915, are as follows:—

Legal Expenses.. . . .	\$3,100.00
Incidentals.. . . .	285.96

Total.....	\$3,385.96
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J. F. HULL.”

May 16, 1916.

(Marked as Exhibit 297.)

[Benjamin F. Yoakum.]

Sir WILLIAM MEREDITH: I suppose those figures will be reversed in this case.

Mr. HELLMUTH: Let me understand.

Sir WILLIAM MEREDITH: \$200 for legal expenses.

Mr. HELLMUTH: I am astonished, Mr. Commissioner, at the moderation; I also thought American lawyers could give us pointers.

Mr. JOHNSTON: Perhaps they allow the toleration.

Mr. HELLMUTH: Taking those expenses and taking the orders that were given upon you by Mr. Allison, what balance was left to give to Mr. Allison out of the commission, or his share of the commission?—A. Well, I haven't figured it out exactly. It is about as we spoke of it here the other day it would run about half of four forty—

Mr. JOHNSTON: No, no.

Mr. HELLMUTH: You have misunderstood the question. It is half of four forty—

Hon. Mr. DUFF: That is only a mathematical calculation.

The WITNESS: The figures will show for themselves.

Mr. HENDERSON: The amounts he gave amounted to \$195,000.

Mr. HELLMUTH: I have this, and we will get it exactly. We will put it in by this little piece of paper. Total \$475,000; Craven got \$30,000; the expenses are \$3,385; that left to be divided between you and Mr. Allison \$441,615. I have omitted the cents. The share of each therefore—a half share—was \$220,807. Taking off the four orders which have now been filed, \$195,000, leaving a balance coming when paid to Allison of \$25,807. I suppose that would be right?—A. That would be approximately correct, but of course when you get down into figuring out these things—I thought I brought a letter which would make my explanation a little clearer, but I don't think I have got it. Mr. Cadwell who was the gentleman handling this upon an adjustment that he made with the Shell Committee, now the Imperial Board—

Mr. HELLMUTH: Yes.—A. Without making his calculation—that is not making his calculation based exactly upon what the understanding was—he pro-rated that 27½ cents per shell. Now instead of that these calculations here are made on a basis of 18 or 20 or 30.

Q. Yes?—A. So when you get into that that is all explainable, and I thought I had a letter to that effect, but what I am stating are the facts. The settlement of this \$61,000 odd was not made on the basis of the understanding, but on a basis that Mr. Cadwell arrived at in making his settlement, which was accepted without any commitment as to the future. So that throws out the calculation as originally made.

Q. Quite so, and brings it down?—A. Yes.

Q. That is to say, you had calculated on the 40 cents on the \$4.00 fuse?—A. Yes, and only got 38 cents, whatever it is, it was twenty-seven out of \$4.00.

Q. It is not worth while taking up much time over it.

Hon. Mr. DUFF: Everything has to be reduced proportionately?—A. Yes.

Mr. HELLMUTH: It is quite plain. Then, these are certified copies of three letters that passed between you and Mr. Craven, two being Mr. Craven's, and one your own, which will go in as Exhibit No. 298. The first letter is dated July 6th and is addressed to you and reads:—

James B. Craven, 30 Church Street, New York.

JULY 6, 1915.

“B. F. Yoakum, Esq., 71 Broadway, City.

“DEAR SIR,—I called you on the telephone to-day but have been unable to get in touch with you.

"I have asked Mr. Lesser to call on you to-morrow and get the letter on the fuses straightened out as I have to deposit it with another party.

"I will appreciate it very much if you will attend to this matter at once and will see you on my return from Montreal, where I am going for the balance of the week.

Yours very truly,

J. B. CRAVEN."

(Part of Exhibit 298.)

On July 13, you write this letter to Mr. Craven:—

JULY 13, 1915.

"DEAR MR. CRAVEN,—On June 19, 1915, a contract was entered into between the American Ammunition Company, Incorporated, and the Shell Committee, for the manufacture and delivery of 1,666,666 No. 100 loaded fuses, and 833,334 No. 80/44 loaded fuses. A part of the commission to be paid by the Ammunition Company (subject to all the conditions of the contract) is payable to me, and when and as such commission is received by me you shall be entitled to receive one and one-fifth cents for each fuse accepted and paid for.

Yours very truly,

B. F. YOAKUM."

Mr. J. B. Craven, 30 Church Street, New York City."

(Part of Exhibit 298.)

Then his answer of August 6th is as follows:—

James B. Craven, Thirty Church Street, New York.

"August 6, 1915.

B. F. Yoakum, Esq., 71 Broadway, City.

"My dear Mr. Yoakum:

"Referring to your letter of July 13th and my conversation with you on this matter, I would be pleased to have you send me a copy of the contract entered into June 19, 1915, between the American Ammunition Company, Inc., and the Shell Committee for the manufacture and delivery of fuses referred to in your letter.

Very truly yours,

J. B. CRAVEN."

(Part of Exhibit 298.)

Q. So that Mr. Craven's share of the commission was not a fixed sum, but one and one-fifth cents as and when paid upon the delivery of the fuses?—A. Which means \$30,000 off and when the contract is completed.

Q. Quite so. Now, on the last occasion I think I went in to the conversation you had.

Sir WILLIAM MEREDITH: He asked for a copy of the contract. Was that furnished?

Mr. HELLMUTH: Was that furnished?—A. His attorney came to the office with a stenographer and made a copy of the contract; that being the only copy of the contract out besides ones held by Cadwell, Bassick and myself, and the Trust Company whom we designated for the distribution of the funds; and Mr. Lesser his attorney made this contract at Craven's request I presume for Craven. That is as far as I know.

Sir WILLIAM MEREDITH: I suppose he would want to know.

WITNESS: He had a right under the contract, he was interested in it.

[Benjamin F. Yoakum.]



Mr. HELLMUTH: He was interested in it because of the contract that you three had made by which this commission was payable under the terms of that contract?—A. Yes, sir.

Q. So that would be one of the documents that he would necessarily want to see if he was interested in getting one and one-fifth cents?—A. And he had a right to it.

Q. I am not denying it. Is there anything further beyond what you gave us last Friday in regard to the interviews you may have had or did have with either Mr. Craven or any of the parties to whom these orders were given?—A. I don't think there is anything I can add to that.

Q. Now, was there at a later date than this contract of the 19th of June any suggestion made to you in regard to the entering into of an agreement with Allison and Lignanti?—A. No, sir, not involving me in any agreement between them.

Q. Perhaps you will tell me then what did happen in that connection or relation?—A. There seemed to have been some unsettled matters which I am not familiar with between Colonel Allison and Mr. Lignanti.

Q. Yes.—A. I don't know just how to put it. I wasn't interested in it further than I knew of the expense in these controversies that were pending between them, and I know they undertook to reach an understanding.

Q. Yes. Then, how did anything come before you as to the understanding they had reached?—A. They both discussed it with me. Not in detail so that I could repeat it, but in a general way there was an understanding of some unsettled matters in a dispute between them which referred to various things that had occurred in connection with their business transaction and some things that were prospective or in prospect.

Q. Yes. Were you requested to join in anything in that matter?—A. No, sir, I had no interest in their disputes, no financial or other interest in it.

Q. You still have your interest with Colonel Allison in the verbal agreement that you had come to which you have told us about, some time in March, in regard to sharing commissions?—A. Yes, and I knew from their statements that there was some interest existing between the two, that is Colonel Allison and Mr. Lignanti; so far as my relations to it, it was all with Colonel Allison.

Q. So far as you were concerned Lignanti was a stranger to the transaction?—A. So far as I was concerned or my interests, he wasn't associated with any interests except Colonel Allison's.

Q. And you didn't recognize Lignanti as being able by himself to make any claim upon any commissions you might earn?—A. Oh, all the transactions and all matters pertaining to the business were with Colonel Allison so far as I was concerned.

Q. Quite so. Now, was any document signed or unsigned brought or left with you in regard to the arrangement between Lignanti and Allison?—A. There was. Mr. Lignanti called at my office and left a document which included my name.

Q. Yes.—A. Any arrangement or any document from which it could be inferred by reading that I was a party to that document—it is absolutely not true.

Q. Yes.—A. But it was left with me. I didn't read it through entirely. I just said to Lignanti—there was nothing in looking over the beginning of it—I said of course there was nothing to that, I had no interest, and he left it with that statement.

Q. Have you got that document?—A. I put one in. I will just take this off as it is not part of the document, but has reference to it.

Q. Yes. Now, this is a document that was left with you by Lignanti?—A. Yes, sir.

Q. And which you say was never executed by you?—A. No, sir, never was; never intended to be.

Q. Let me ask you this, because there are sometimes documents that are not executed, and I want to find your view of it. Were the terms of this document assented to by you as far as you were concerned?—A. Not in any manner.

Q. It remained in your office, and you have brought it here?—A. Yes, sir.

Q. Did you on any occasion, and if so when, have any discussion with Colonel Allison or Lignanti after the document was left with you as to your joining in it or becoming a party to it?—A. No, I am sure I never have either one because they both know I am not a party to it, never intended that I should be.

Q. You told Lignanti?—A. Oh, yes, he doesn't contend that either, because he knows I wasn't.

Q. Did you tell him on the first occasion when he left it there that you were not going to be a party to it?—A. I told him I wasn't. There was no reason, no ground to justify it.

Q. Did Colonel Allison ever request you to be a party to it?—A. No, he would have no justification—

Q. No, no. Did he?—A. No, I am sure he didn't.

Sir WILLIAM MEREDITH: What was it left with him for?

Mr. HELLMUTH: Q. Why was it left with you?—A. Mr. Lignanti as I have stated—these differences in adjustments between Colonel Allison and Mr. Lignanti—I knew they were discussing them.

Q. Yes.—A. And on one occasion Mr. Lignanti asked me if I wouldn't help them to find some way to adjust their own differences.

Q. Yes.—A. I didn't like that kind of a job, if I could do anything to bring around their difference I would be very glad to do it in a friendly way; and that resulted in their getting up a memorandum which only referred to the difference—that is, only referred to an effort to reach an adjustment between Colonel Allison and Mr. Lignanti, and I didn't hear anything further about the discussion. I wasn't in any manner interested in it until Mr. Lignanti brought that into my office, as a document that he had taken to his attorney to prepare. Now, just what was in his mind in preparing it in that way I didn't discuss with him because there was nothing to discuss.

Q. Do you know who his attorneys were?—A. They are on the back.

Q. House, Grossman & Vorhaus, 115 Broadway in the Borough of Manhattan, New York City?—A. I haven't the document, and I don't think I have ever seen the first memorandum gotten up between the two. If I had, it would verify what I am stating in connection with this.

Q. I will ask you one more question before I read this document. When did you first go over the whole document?—A. I read that document through only after the statement was brought out here in Ottawa in connection with this matter by Mr. Kyte. That was the first time I read that document over in full.

Q. That is to say you had seen part of it?—A. In the beginning, when it was first handed to me by Lignanti, I read enough of it to understand the purport of the document but I didn't finish it, and said to him that it was a matter that didn't interest me as I was in no way interested in the matter between he and Colonel Allison.

Q. Did Lignanti accept your point of view or did he press you to execute it?—A. He accepted my point of view.

Q. And you were never requested after that?—A. Never discussed it after that.

Q. This is an agreement between J. W. Allison, Eugene Lignanti and Benjamin F. Yoakum. I see that your name is spelled here Y-o-k-u-m. That is not your spelling?—A. No, that is not the way to spell it.

[Benjamin F. Yoakum.]

Q. (Reading Agreement, Exhibit No. 299.)

"MEMORANDUM OF AN AGREEMENT made this..... day of September, 1915, by and between J. WESLEY ALLISON, of....., Canada, EUGENE LIGNANTI, of New York City, and BENJAMIN F. YOKUM, of .....

WITNESSETH.

"WHEREAS said Allison and said Lignanti did, some time prior to January, 1913, enter into an agreement to severally use their best endeavours for their mutual benefit and profit, to procure and sell as principals, and negotiate and consummate as brokers, contracts for supplies for export to certain European countries, and pursuant to said agreement, continued so to do until the said Yokum became associated with them, as hereinafter stated,"—

Let me stop there: you did become associated with Allison, that is quite correct?—

A. I have related that, yes, sir.

Q. But not with Lignanti?—A. No, sir.

Q. (Continues reading agreement):—

"AND WHEREAS in or about the month of January, 1913, the said Yokum joined with them in their said enterprise, and each agreed with the other to thereafter, except as otherwise hereinafter provided, to continue such endeavours for the mutual benefit and profit of all of them, and have continued so to do to the present time, and

"WHEREAS the said parties did thereafter, for certain contemplated purposes, cause to be formed under the laws of New York, two corporations known, respectively, as the Allison Supply Company and the British-American Trading Corporation, and each of the parties hereto then became and still is a stockholder in each such corporation."

Was Lignanti a stockholder in those corporations?—A. I understand so, out of the Allison proportion.

Q. Did you know what he had to do with the formation of those companies as far as you are concerned?—A. No. Mr. Lignanti is an active man in matters pertaining to such work, you understand, but I do not know of any specific or special thing that he did.

Q. (Continues reading from agreement):—

"WHEREAS the said Lignanti now desires to withdraw from said joint enterprise, and to procure an adjustment of his rights and interest therein and in all the business thereof, and in all contracts heretofore procured or negotiated by any of the parties hereto, and in such as may result from negotiations instituted by any of said parties prior to this date, and the remaining parties have consented thereto.

"NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, and of the sum of one dollar paid by each party hereto to the others, and for other good and valuable considerations, receipt whereof is hereby acknowledged, it is hereby agreed as follows:—

"First: That the interest of said Lignanti in and to the several contracts hereinafter mentioned, and in and to the compensation, profits and other benefits which may accrue to any of the parties hereto, their legal representatives or assigns, or to the corporation above named, as a result of the several pending negotiations hereinafter specified, shall be and hereby are fixed, adjusted and determined to be as follows:—

"(a) For a contract procured by said Yokum for the American Ammunition Company, of Virginia, from the Shell Committee of Canada, dated. . . . . to furnish the latter with two million five hundred thousand (2,500,000) fuses, the American Ammunition Company has agreed to pay to said Yokum the sum of nineteen cents (19c.) for each fuse required to be furnished, such payments to be made as and when deliveries are required to be made under said contract, and to be based upon the quantities thereunder required to be delivered, which dates and quantities are as follows:—

"Out of the moneys so payable to said Yokum, the said Lignanti is entitled to, and the said Yokum hereby agrees to pay to him, the aggregate sum of Fifty thousand (\$50,000) dollars in instalments equal to two-nineteenths ( $\frac{2}{19}$ ) of the payments made to said Yokum by said American Ammunition Company, each instalment to be paid to said Lignanti as and when each payment is received by said Yokum from said Company.

"(b) For a contract procured by said Yokum for the Edward Valve and Manufacturing Company, of from the Shell Committee of Canada, dated, to furnish the latter with five hundred thousand (500,000) cartridge cases, the said company has agreed to pay to said Yokum the sum of four cents (4c.) for each cartridge case required to be furnished, such payments to be made as and when deliveries are required to be made under said contract, and based upon the quantities thereunder required to be delivered, which dates and quantities are as follows:

"Out of the moneys so payable to said Yokum, the said Lignanti is entitled to, and the said Yokum hereby agrees to pay him the aggregate sum of Twenty-five hundred (\$2,500) dollars in instalments equal to one-eighth ( $\frac{1}{8}$ ) of the payments made to said Yokum by said Company, each instalment to be paid to said Lignanti as and when each payment is received by said Yokum from said Company.

"(c) Negotiations are now pending between R. Lewis, President of the Canadian Vickers, Sir Trevor Dawson, of London, England, and J. Wesley Allison above named, relating to a contract for rifles and ammunition, which is known as the Southern Rifle Deal. If and when the same shall be consummated, the said Lignanti, his legal representatives and assigns, will be entitled to receive for the benefit of all the parties hereto, a sum equal to one fourth ( $\frac{1}{4}$ ) of five per cent of the amount of the contract for rifles and one-fourth ( $\frac{1}{4}$ ) of one per cent of the contract for ammunition, payable as and when deliveries will be required to be made under said contract, and based upon the quantities thereunder required to be delivered.

"(d) Negotiations are now pending for the purchase and sale of about one hundred and forty thousand (140,000) rifles,—known as the Allison Southern Rifle Deal, which when consummated will yield to said Allison and Yokum, their legal representatives and assigns, for the benefit of all parties hereto, and they will be entitled to receive therefor from Orr Lewis, or such other person with whom the contract will be finally made, a profit or net benefit of one dollar and twenty-five cents (\$1.25) per rifle, payable as and when the same shall be required to be delivered.

"(e) Negotiations are now pending with the Provident Chemical Company, of St. Louis, for the manufacture and delivery by them of twenty-five hundred (2,500) tons of picric acid upon a present order, and for the manufacture and delivery of further quantities upon future orders, which, when consummated, will yield to said Yokum, his legal representatives and assigns, for the benefit of all the parties hereto, and he will be entitled to receive from . . . . . such sums of money from time to time as shall equal five to six cents per pound for each pound agreed to be delivered by said Provident

[Benjamin F. Yoakum.]

Chemical Company, payable as and when delivered shall be required to be made by said Company under the contract which will be had with them.

"(f) Negotiations are now pending to procure the manufacture and delivery of perchlorate powder, which, when consummated, will yield to said Yokum, his legal representatives and assigns, for the benefit of all the parties hereto, and he will be entitled to receive from the manufacturer, such sums of money, from time to time, as shall be equal at least to five cents (5c.) per pound for each pound agreed to be delivered by said manufacturer, payable as and when deliveries shall be required to be made by said Company under the contracts which will be had with them.

The said Lignanti is the owner of a one-eighth ( $\frac{1}{8}$ ) interest in all moneys and other properties to which the said Allison and Yoakum, or either of them, or their respective legal representatives and assigns, shall be or become entitled or receive from any person by reason of their negotiations had and to be had of the matters and things referred to in sub-divisions c, d, e, and f and of any contracts that shall have been or shall be made, or orders given as a result thereof, and the said Yokum and Allison do hereby severally agree to pay the same to said Lignanti, his legal representatives and assigns, in such proportionate instalments and at such times as the payments to said Allison and Yokum, or either of them, shall be required to be made.

"(g) For a contract procured by said Lignanti for the Electrolytic Metals Company, to furnish to the Canadian Car and Foundry Co. thirty-four (34) tons of powdered magnesium, the said Lignanti will be entitled to receive the sum of one dollar (\$1) per pound for each pound required to be furnished, such payments to be made as and when deliveries are required to be made under said contract, and to be based upon the quantities thereunder required to be delivered, which dates and quantities are as follows:

That out of the moneys so payable to said Lignanti, he is obligated to pay to others associated with him in obtaining said contract, the sum of seventy-five cents (75c.) per pound, leaving the net sum to which said Lignanti is entitled, twenty-five cents (25c.) per pound. That out of said net sum, the said Lignanti is entitled to retain an amount equal to one-eighth ( $\frac{1}{8}$ ) thereof, and he hereby agrees to pay the balance thereof, as and when received, to said Allison and Yokum, their legal representatives and assigns.

Q. Let me stop there for a moment; had you any agreement with Lignanti as to paying you anything out of that contract?—A. No, sir; any transaction coming from that source would come through my understanding with Col. Allison.

Q. (Reading from agreement):

"That in order to procure a bond in the sum of twenty-six thousand dollars for the performance of said contract, by said company, the said Lignanti and two others furnished a joint and several agreement of indemnity to the Casualty Company of America. The said Yokum and Allison do hereby jointly and severally assume seven-eighths, of the liability of said Lignanti upon said bond and do hereby jointly and severally agree for themselves, their legal representatives and assigns, to pay upon his demand, seven-eighths of all moneys required for payment of said Lignanti's loss, damage, expense and liability he may sustain by reason of his execution of said agreement of indemnity, or for the payment of any claim that may be made thereunder, or of the amount of any adjustment or settlement made of such claim.

"(h) The said Yokum is indebted to said Allison in the sum of \$5,000, and said Lignanti is the owner of and entitled to receive payment of one third of said sum, and the same Allison hereby agrees to pay the same to said Lignanti upon execution hereof."

Q. What was that sum of \$5,000, do you know about that?—A. Yes, I know about that. The understanding with Col. Allison was that I should pay him \$25,000. I paid him \$20,000, by cheque to him personally, which establishes the fact that there is no one else but Allison in this with me. The \$5,000 Lignanti told me that under his arrangement with Col. Allison he was entitled to one-third of anything that Allison got out of it, I mean out of the deal—he has contended that; I do not know anything about it—the \$5,000 was not paid for the reason that there were some expenses incurred and that was retained by me until we got around to the expense account; is that clear?

Q. Yes, I understand it.

*“Second:* The said Yokum and Allison do hereby jointly and severally for themselves, and their and each of their legal representatives and assigns, assign to said Lignanti, his legal representatives and assigns, the several shares, title and interest in the several claims above mentioned to which, by the terms hereof, he now is or hereafter may be or become entitled, as above set forth, and they hereby authorize and direct the persons, firms and corporations from whom the said claims are or will become payable, to pay such share, title or interest to said Lignanti, or his legal representatives and assigns upon his or their demand. And the said Lignanti for himself, his legal representatives and assigns, does hereby assign to said Yokum and Allison and their respective legal representatives and assigns, all his right, title and interest in and to the remainder of the said several claims, and hereby authorizes and directs the persons, firms and corporations from whom they are or will become payable to pay the same to said Yokum and Allison and to their legal representatives and assigns.

*“Third:* Each of the parties hereby agrees that upon the request of any other of them, he will execute any other and further assignments, orders, or other instruments in writing, which any of said parties may require to enable him to establish his title to the part of any of said claims to which he is hereby declared to be entitled, or to assist him in procuring the payment thereof.

*“Fourth:* Upon receipt of the payment of his interest in the several claims above mentioned or referred to, or of the receipt of written orders for their payment, signed by the other parties hereto and bearing satisfactory written acceptances signed by the respective persons, firms or corporations by whom said claims are or will be payable, the said Lignanti will assign, transfer and deliver to said Allison, or his nominees, all the certificates of stock heretofore issued to and now held by said Lignanti in the Allison Supply Company and the British-American Trading Corporation, and any and every claim which he now has against either of said corporations.

*“Fifth:* It is understood by each of the parties hereto, that none of them has, during the times above mentioned, made, procured or in any wise assisted in the making or procurement of any contract for the purchase or manufacture of supplies for export other than those above mentioned, nor engaged in any negotiations for such contracts, except those above stated, nor has he received or become entitled to any financial benefit in, arising out of or based upon any other such contract than those hereinbefore mentioned, except a certain contract for \_\_\_\_\_ procured by said Allison, which was heretofore transferred to the Canadian Car and Foundry Company, that said Allison and Lignanti are the only parties hereto interested in the consideration payable therefor, and their respective interests therein have heretofore been fixed and determined.

[Benjamin F. Yoakum.]

"From and after the date of this instrument, each party hereto shall be at liberty to engage in any of the businesses hereinbefore described, independently of each of the others, on his account and for his own benefit and profit, and neither of the others shall participate in any income or profit or acquire any interest in any such transaction hereafter begun by any of said parties.

"IN WITNESS WHEREOF each of the parties hereto has set his hand and seal hereunder the day and year first above mentioned.

.....(L.S.)  
 .....(L.S.)  
 .....(L.S.)

It is not executed by anybody. Then there was a form of notary or evidential matter on the back:

State of New York, }  
 County of New York, }<sup>ss</sup>

"On this            day of September, 1915, before me personally came and appeared J. Wesley Allison, Eugene Lignanti and Benjamin F. Yokum, to me known, and known to me, to be individuals mentioned and described in and who executed the foregoing instrument, and they duly severally acknowledge to me that they executed the same for the purposes therein mentioned."

(Unsigned agreement between J. Wesley Allison, Eugene Lignanti, and Benjamin F. Yoakum, dated            day of September 1915, quoted above marked as Exhibit 299.)

Mr. HELLMUTH: Was your agreement, may I call it commission agreement, verbal agreement made with Mr. Allison in March or about March 1915, ever terminated, or is it in force?—A. It was terminated, but I do not remember just when; there would be nothing farther in connection with these matters unless it was in each and every case specially understood; there was no general—

Q. Was that done verbally?—A. I think it was, I do not know that there was any letter passed; probably there was. I will look it up. If it was, that is in substance the letter, that all matters are off:

Hon. Mr. DUFF: When did that take place?

Mr. HELLMUTH: When did that take place?—A. I should say in the fall, August or September of last year, 1915; it might have been later than that, October or November. I would like to get that clearer in my mind, but I know it was called off.

Q. I have read to you this agreement in which it is stated that you were interested with Lignanti, and I understand you to say you had no interest with Lignanti, let me see if I sum up, that you had an interest in commissions with Allison, and that whatever Allison's relations may have been with Lignanti that did not concern you?—A. Not as to my half. There were no relations between us except through Allison.

Q. Was Lignanti in a position to come to you at any time and make a demand upon you, or, if there were any commissions to divide, outside of an order given by Allison, was Allison the only man who could demand the money from you?—A. He was the only man.

Mr. HENDERSON: This is about what you were asking just now (handing a letter to Mr. Hellmuth.)

Sir WILLIAM MEREDITH: What is that?

Mr. HELLMUTH: This is a letter which Mr. Henderson has handed me, from the witness to Allison:

“ August 20, 1915.

“ MY DEAR COLONEL,—Referring to your statement to me to-day that in the future all matters in connection with munitions of war handled by you would be for your own account, not making any division of profits or commissions with any one except by special understanding in each case:

“ This being your conclusion, I wish to say that all matters pertaining to the relations between us will cease, except on the same terms as above stated by you.

“ The matters which I am handling in which you are interested, and which will be adjusted on the present understanding are:—

“ The fuse contract made with the Shell Committee of Canada, dated June 19, 1915, of which you have been advised.

“ Five hundred thousand cartridge cases contract with Edward Valve & Manufacturing Company.

“ The Southern Gun and Cartridge matter being handled by Mr. Lignanti. If any business results out of that matter, it will be for our joint account.

“ I have a picric acid matter of 2,500 tons under consideration with St. Louis people, which I mentioned to you, but it has not been consummated. If consummated, there should be somewhere from 15 to 18 cents per pound commission, to which I will be entitled to one-third. In this picric acid proposition, however, you will have no interest unless by some special understanding between us.

“ There is also an explosive proposition under consideration for the British through Canada. This matter has not been consummated, and will continue to be handled by me. If anything comes from it I will retain or make a division of such profits accruing therefrom as I may so desire.

“ I understood from you from our last talk that you have some other contracts under way, aside from the ones I have referred to above, and with one exception concerning guns which you understand, I will not expect any consideration from any contract you have under way except as stated above, by mutual agreement between us in each case.

“ Please acknowledge receipt, and say if this covers your understanding of our talk to-day, as I have tried to express your wishes, as well as my own, as I understood you.

“ Yours very truly,

“ B. F. YOAKUM.

“ Colonel J. WESLEY ALLISON,

“ Hotel Manhattan,

“ New York City.”

(Marked as Exhibit 300.)

Q. I want to ask you about Lignanti: “The Southern Gun and Cartridge matter being handled by Mr. Lignanti”—what is that reference to?—A. I do not know, and never did know much about that, only there was something in the air in connection with the purchase of guns that were somewhere in the south, and that it was a matter coming to me wholly through Colonel Allison; he told me that Mr. Lignanti was handling the details of it and looking after it, and that is as far as I know. The other names in connection with it I shall not use.

Hon. Mr. DUFF: Purchase for whom?—A. I understood the British Government. Unless it is necessary I shall not give the other names; but nothing came out of it; it is all paper.

Mr. HELLMUTH: I quite understand, and you are not being asked to disclose the names of anybody in that connection, but I do want to ask you one question which [Benjamin F. Yoakum ]



I think you ought to answer: are any of those other parties in Canada?—A. None in Canada that I know of. Now, I may be mistaken about that in a manner, I would like to give it to you, but I think that parties' relations to this need not I think be disclosed, but there is no secret about it so far as I am concerned, only I think it is rather unwise, but if you want it I will give it to you.

Mr. MARKEY: We do not want it.

Mr. HELLMUTH: We do not want it.

Q. As far as you know they are not in Canada?—A. I am absolutely certain, without being able to swear to it, that they are not in Canada; I know their relations, their business is not in Canada. There is nothing in connection with it that would throw any light whatever on what you are investigating; if there is any further information on that I will give it to you.

Mr. CARVELL: I would like to be able to make one guess?—A. Well, let us have it.

Mr. CARVELL: It is up to the witness whether he wants to tell it or not?—A. I would rather not pass over it if there is any feeling about it.

Sir WILLIAM MEREDITH: He may be willing to tell Mr. Carvell whether his guess is right?—A. If he guesses I will tell him, and if he don't I will tell him.

Mr. HELLMUTH: In regard to this Exhibit 299 there are a number of transactions, deals or negotiations referred to in it; tell me which, outside of the fuse contracts and the Edward Valve and Manufacturing Co., have any relation with the Shell Committee?—A. The Edward Valve Co. contract was made through the Shell Committee.

Q. I know, and so was the fuse?—A. You asked me that question, and I knew you knew that.

Q. Outside of those two?—A. Those are the only two. I did discuss once the perchlorate contract with some members of the Committee in a general way, but that was more with a view of ascertaining its value as an explosive. Perchlorates are not made in this country, and in connection with that the War Department on the other side and General Hughes on this side believed that it had great merit, and I have no doubt it has, and after I began to look into it I found that there were a great many things connected with the manufacture of that explosive in this country that none of us knew much about to start in with, a plant for the manufacture of perchlorates, the only perchlorates at that time being manufactured in, I do not know, it was either in Sweden or some other foreign country, the plant itself would cost approximately one million dollars on account of the expensive material to be used that would stand the acid, the explosive or components that would eat into the metal very fast—I am not a chemist, you can see that—that was our understanding; that was the first thing we came up on as to the difficulties in raising capital to manufacture something that was practically unknown in this country, that is as a manufacturing proposition. The dynamite and the explosives, that is the perchlorate, or rather I do not know the name of the material that was being then manufactured in some point in Kentucky, and a company organized in Canada; but I went to a good deal of trouble and a good deal of work to ascertain the value of the perchlorates, that is perchlorate as an explosive.

Mr. EWART: Are we interested in this?

Mr. HELLMUTH: No.—A. But I do not like to quit a thing till I know it is right, and I want you to know it anyway, I am rather desirous that the Commissioners in this Court should know something more about that, I mean as to what I tried to do to meet the requirements of the War Department. As it is related here it looks like more of an effort on my part to work up some commission basis; that is not true; as shown here, we went to a great deal of trouble, and I had arranged if it proved out to provide a million dollars for the construction of the perchlorate

plant which we were endeavouring and would have organized in Canada on account of the water-power; that is important, and you have great water-power in Canada, it was the development, because water-power is one of the large factors in the manufacture of perchlorates. I do not want this to get out, but I would like very much to have the Honourable Court see it.

Q. What have you got there?—A. I have a letter that I am not going to use but I do want the gentlemen to understand that this was not a commission business, this was a manufacturing business, and how far I went to carry it out.

Q. You saw some members of the Shell Committee in regard to this?—A. I just discussed it with Col. Carnegie once while he was in New York with a view of establishing its quality rather than to sell the material.

Q. Let me see if I understand that clearly, it was part of your business in anything that you did in regard to the supply of munitions to, if you did not become one of the capitalists who got their profits out of the supply in that way, to get a commission where you secured a contract, was that not your view?—A. I did not go in it to undertake these matters with a view of commission, is that what you ask?

Q. No, I say you did undertake them for a commission, and when you did not undertake them for a commission if you get anything you expected to make something for yourself?—A. I certainly did, a profit to me or the people that went in with me was just as desirable as anything else, that is from a manufacturer's standpoint, and in this case it was purely a manufacturer's proposition so far as it went with me.

Sir WILLIAM MEREDITH: That is perchlorates?—A. Yes.

Mr. HELLMUTH: I appreciate that; understand that I am expressing no opinion or criticism?—A. I understand that.

Q. I want to get from you as much as I can the position you took in these matters; nothing came of this perchlorate matter?—A. No.

Q. And outside of the perchlorate matter, and outside of the Edward Valve and the fuse contract none of the other matters referred to in this Exhibit 299 had anything to do with the Shell Committee of Canada?—A. None whatever.

Q. Which of these outside of the Edward Valve matter and the fuse contracts materialized in contracts from which commissions were to be paid—I think I can go as far as that?—A. None except those two.

Q. Those are only two, is that right?—A. Those are the only two.

Q. I see you had nothing to do with this Canada Car and Foundry; the Edward Valve matter I do not think has been touched on yet. Will you tell me the history from your knowledge of it, of the Edward Valve Manufacturing Co. matter, and let me tell you first what we know generally, so perhaps it need not be gone into; we know that in the summer of 1915, I cannot fix the exact date, but some time I think in July an order was given by the Shell Committee to the Edward Valve and Manufacturing Co. of Chicago, by which the Shell Committee undertook to accept five hundred thousand cartridge cases for shells, or such smaller number as might be delivered within eighteen weeks from the 25th of July at a price of \$2.43; we know that. The order was not filled for reasons that the Edward Valve said owing to strikes, difficulties in their factories, was not filled within the time, and when the Imperial Munitions Board succeeded the Shell Committee in December of 1915 they cancelled that order, and they gave a further order by which they would accept up to the 15th January, 1916, any cartridge cases at the original price \$2.43, and any delivered between 15th January, 1916, and 15th May, 1916, at \$2.03; how did you come in, and in what way did you come in touch with that transaction?—A. Col. Allison said to me once over the phone that he had made a proposition under misapprehension of the facts when contracting at that time, for three hundred thousand cartridge cases, which was increased to five hundred thousand later.

[Benjamin F. Yoakum.]

Q. Mr. Allison told you over the phone that he had made a contract?—A. No, that he had made an offer.

Q. That he had made an offer; did he tell you for whom he had made the offer?—A. To the Shell Committee, but the parties could not make good, that is had not, and asked me if I could be of any assistance in getting a contract for the delivery of these brass cases. The Edward Valve Co. of Chicago I came in contact with, I do not remember just how, but I telegraphed the banks, or some of the banks out there, to ascertain their standing and so forth, and it resulted in an order being given, it was never a contract, it was only an order by the Shell Committee to take the brass cases at \$2.43, if delivered, I think it was eighteen weeks or three or four months, or something of that kind; the order was placed at \$2.43, of which I was to receive 4 cents.

Q. Who were you to receive that from?—A. From the Edward Valve people.

Q. For bringing them into touch with the Shell Committee?—A. I did more than that, I took the matter up and assisted them in every way I could from a financial—of course I had nothing to do with the mechanical—and I was of some assistance to them, and they were entirely satisfied that this was a little bit less than 1½ per cent upon what they were getting, they believed they were getting, like all contractors and manufacturers when they get into these new things they know nothing about, they always figure they have a pretty good thing, and they are willing to aid, especially where it is necessary to establish credit and do some financing, although these people were people of good standing; and for that and in connection with it there was 4 cents, that was the amount, if this order had been filled.

Q. You were to get 4 cents?—A. 4 cents per case.

Q. Was that in the same way as in the fuse contract when and as delivered?—A. Yes; there was no cash.

Q. There does not seem to be much cash?—A. I have not seen it; it comes slow. I will give you some of the difficulties, I think it is only fair to them, and I think it is fair to the Commissioners and all that some of the facts should be made known, because it is rather hard to be accused of a thing and not being able to tell how it happened, and they have been accused of being of the mushroom order, which is not true; they are high class people, but unlucky in this.

Hon. Mr. DUFF: We had an explanation from the Chairman of the Munitions Board yesterday which was not by any means hostile?—A. I read Mr. Flavelle's testimony this morning as I was coming in, and it was very fair; he made a very fair statement in connection with it, and showing a disposition on the part of the committee to be fair with these people; at the same time it does not relieve the fact that they have had a lot of trouble over which they had no control.

Sir WILLIAM MEREDITH: Do you know as a fact that they had these troubles?—A. I was not there, of course, Mr. Commissioner, on the grounds, but I was in Chicago, and I know they had these troubles, and under this arrangement when they entered this field of manufacturing munitions of war it did require what they did not seem to realize, the very highest special ordnance knowledge; they did not have it. Here is what happened. Immediately upon receipt of this order it abandoned its valve business in order to devote its capital and organization to the manufacture of these cases, and to this end obtain the best business and engineering talent in the country; and within eleven weeks out of the eighteen weeks allowed it had actually expended \$537,395.78, machinery had been specified by the best engineers and manufactured by the best makers, but with all of this precaution there was discovered a slight defect which the eye could not discern, which was disclosed by a micrometer gauge which caused further delay. Up to this time, January 15, the Edward Valve had expended including two hundred and sixty thousand discs to be delivered and paid for and three hundred and sixty-one thousand in obligation, amounting to a total of \$898,595. The Edward Valve received an extension up to December 2—this is the one Mr. Flavelle

spoke of yesterday—this extension granted by the Imperial Board became known. A propaganda of the enemies of Great Britain had extended itself very widely in this country affecting shipping and transportation and manufacturing. Three instances I will cite to show the appalling situation. We employed a corps of detectives and special policemen, so that the employees were under a guard within a palisade which had been erected. Many suspicious and exasperating circumstances were encountered, it being impossible to locate the source from which spies and other information was obtained with a view of preventing the execution of this order; the breaking of machinery, the sanding of shaftings and gearing and the unaccountable defects in the product. We received another extension at a reduced price, \$2.03 per case. This fact must also have been well known to the enemy as labour difficulties became more acute. It was not until in March that a dependable force could be gotten together. At this time other disturbances occurred at the works resulting in the killing of two and the wounding of thirteen others; twenty-one guards were indicted by the Grand Jury summoned to investigate these labour troubles; indictments were also returned against the company and its officers. The company does not now expect to produce more than 60,000 cases prior to May 15, 1916, the date the order expires. The destruction and injury which has been caused in this country to property and transportation and industry by force of agitation have spread to a considerable extent from the United States into Canada. The action of the Government of the United States as to this propaganda is well known. The Edward Valve Company has done everything in its power at great expense, and it no longer is actuated by the expectation of profit, and is now directing every effort to cut down its enormous loss to the lowest possible minimum. That is in brief the troubles that these people have experienced, and they are not to be regarded as people incompetent or unable, because any concern that can spend practically a million dollars to carry out a contract of this size before getting one dollar back is certainly an institution that has good backing; and if you could get the history you would find that a great number, I do not know what percentage, of contractors in this country that have gone into this unknown field of industry as to its technical knowledge have had practically the same trouble that these people have had.

Q. As I understand you it is only upon the cases that may be delivered, and when delivered that you will get your 4 cents?—A. That is all.

Q. And out of that 4 cents under the agreement of March, 1915, verbal agreement with Mr. Allison, he would be entitled to two cents, is that right?—A. If I receive it he will get it.

Q. I did not think there was any confusion, but there seems to be some confusion in regard to whether this Exhibit 299, although not signed by either you or Allison, could have been signed by Lignanti—it was not signed by anybody?—A. Not to my knowledge.

Sir WILLIAM MEREDITH: He spoke of aiding in the finances.

Mr. HELLMUTH: What do you mean by assisting in the financing of the Edward Valve?—A. I did not assist to the extent of taking any liability upon myself, but I did take it up with banks in the West to encourage without committing myself or saying anything to them that would put me in the position of going beyond business expression or rather business rules. I did believe from what these gentlemen had said that they had contracts that they could make good upon—of course none of us could foresee this defect in machinery which they took every precaution to overcome, and which would have made it very different; none of us could see that the factory was going to be practically destroyed, and all those things, and my assistance was not in a financial manner that meant it would cost me anything; I do not know of any other way to tell it.

Q. Would this a be a fair way of summing it up, that you had certain influence with certain banks, financial institutions?—A. I knew them.

Q. And they knew you?—A. Yes, but I did not go to the point of recommending them to take on a bad job.

[Benjamin F. Yoakum.]

Q. I quite understand that; you did, to those banks who knew you, advise them that the Edward Valve people were proper people to extend credit to without your- self incurring any liability with regard to it?—A. I did not go that far. I explained to them as best I could that this order was not a contract, and originally when it was first discussed the contractors insisted in the beginning on 25 per cent as a cash deposit or cash advance; that was not allowed by Colonel Carnegie or the Shell Committee and they took the order as you now see it, but still believe that the order could be filled.

Q. Did the Shell Committee from anything you said or anything you know of, know of the fact that you were getting a commission from the Edward Valve people?—A. I did not tell them.

Q. Did you suppose that any one else did or was there any one else to tell?—A. Not to my knowledge.

Mr. HELLMUTH: There was a letter of the 9th of July, and an order of the 16th of July.

Sir WILLIAM MEREDITH: The order of the Edward Valve Company is Exhibit No. 223. Exhibit No. 215 is a draft agreement between the Edward Valve Company and the Shell Committee.

Mr. CARVELL: No. 227 is the letter my learned friend wants.

Sir WILLIAM MEREDITH: No, that is a letter from Allison to Carnegie. The order is to the Edward Valve Company.

Mr. HELLMUTH: I put in a duplicate, as I did not have the original then.

*By Mr. Johnston:*

Q. I want to get a little information, Mr. Yoakum, on the question of the Edward Valve Company agreement. Were you in New York some time in July when the agreement was produced, or a proposed agreement of the 9th of July between the Edward Valve Manufacturing Company and the Shell Committee?—A. I was in New York when the order was placed with the Edward Valve Company.

Q. Perhaps you can explain (it may be very simple as you know the facts) to me the effect of that agreement, which I see was put in as an exhibit; or this provision of the agreement: "the price of said cartridge cases shall be \$2.39 per cartridge case in lawful money", and so on. Do you know how that came to be put in there?—A. No. The price was \$2.39 net, that is, the four cents made up the four cents I get.

Q. That is what I understand, or what I thought was the case. The first proposition was with the Shell Committee at \$2.39?—A. \$2.47. The first time it was \$2.47.

Q. The first definite proposition?—A. I am not familiar with it. I don't think I have seen the contract as you have read it there.

Q. I have not read the whole of it. It is a long document. You may have a look at it, if you like. All I am concerned with is how the figures were made up. You said the original price was \$2.49?—A. \$2.47.

Q. The original price agreed upon?—A. Yes. The original understanding was that there was to be 25 per cent in cash, that is, deposited, and the question of interest and the question of all things pertaining to the carrying out of the contract, the details of which I do not now remember, I think made up the difference between the \$2.39 and \$2.43. My interest, however, was only in the four cents.

Q. And that would be the difference between \$2.39 and \$2.43?—A. No. It would have been a very great difference to the Edward Valve people if they could have got what they contended for. There was 25 per cent, and there was a difference in the insurance and a difference on the bond, and all of those matters pertaining to the making up of that difference. I know the four cents was added. I said I got four cents out of it. It is figured from \$2.39 to \$2.43. It is the same figure.

Q. Leaving out the first negotiations, which amounted to \$2.47, or something like that, never mind all that; when they got to New York they had a document,

not signed of course but to be signed apparently in which the price was fixed at \$2.39?—A. Yes.

Q. The memo. which was signed or the offer which was made was at \$2.43?—A. \$2.43.

Q. And that you said to me, as I understood you, represented the four cents which you claimed you were entitled to?—A. I said I was entitled to four cents. But the four cents was made up in this case in the difference or rather the advantages or disadvantages that would accrue toward the making of the bond, and other things, and especially the 25 per cent, which was figured on and contended for by the contractors.

Q. The four cents would make up your commission?—A. If it happens to be that amount, it is not my fault.

Q. That is an accident, you say:—

“9. The purchaser shall make an advance payment to the company in New York funds of twenty-five per cent of the total amount of the purchase price on the execution of this contract and the delivery to the purchaser of the proper agreement of guarantee hereinafter mentioned.”

That was provided for under the agreement, as you see?—A. The original agreement, the original understanding which was never reduced to an agreement, which resulted in an open order.

Q. Here is the agreement which was drawn up we have heard and taken to New York, and which was discussed, and under that agreement the twenty-five per cent was dealt with, and the four cents per case was not considered at all at the time apparently, because it was \$2.39. Were you present when the agreement came up in New York?—A. Not in all its details. I was in my office when it originally came up with myself and the representative of the Edward Valve Company, in which we first talked of \$2.47 as the price he wanted. It finally resulted in their not being able to get the 25 per cent, and they fixed upon a basis of \$2.43.

Q. They fixed upon a basis of \$2.43?—A. That is, a price of \$2.43.

Mr. HENDERSON: My learned friend will remember that the 39 cents was in pencil. If he will look at page 234, he will see that the 39 cents was in pencil.

Mr. JOHNSTON: It may be so. I am merely asking Mr. Yoakum for an explanation, and he is giving it to me. Whether it is worth much, or little, is another matter. We are not quarrelling about that.

WITNESS: Not at all.

Q. You are trying to tell the facts as they appear, and you say that the coincidence of four cents has nothing to do with your commission?—A. The difference between \$2.39 and \$2.43 was arrived at by reason of there being no advance and bonded expenses and things of that kind, as I understand it.

Q. Well then, this order that was given and which is put in here long ago, cancelled some time in December last, it confirms the arrangement made with Mr. Sheraton—who was Sheraton, was he the Edward Valve Company's man?—A. Their representative.

Q. “This order confirms arrangement made with your Mr. Sheraton by our Mr. Carnegie that the Shell Committee will accept all the 18-pr. brass cartridge cases manufactured in accordance with specification L/3307 and Drawing No. R.L. 20711, by your company up to 500,000 during a period of 18 weeks commencing July 25th, 1915.

“The said cases to be proved at Quebec, P.Q., or at any other place in America designated by the Chief Inspector of Arms and Ammunition, Quebec, and cases will only be accepted on certificate from Chief Inspector that same have satisfactorily passed the required tests.

[Benjamin F. Yoakum.]

"Price \$2.43 each f.o.b. your works, Gary, Indiana, or Chicago, Ill., packed ready for shipment in wooden boxes each containing 35 cases.

"Shipments to be made as instructed by the Shell Committee".

Then there was 500,000 more specified, to be inspected by the Chief Inspector of Arms and Ammunition. All invoices against the order must bear contract numbers.

The price was to be \$2.43 each f.o.b. your works at Gary, Indiana, or at Chicago.

There is another price of \$2.03 each f.o.b. Gary, Indiana.

Sir WILLIAM MEREDITH: That is a Munitions Board contract, Mr. Johnston?

Mr. JOHNSTON: Yes, sir.

Sir WILLIAM MEREDITH: That is the substituted contract.

Mr. JOHNSTON: The first one is July 16th, 1915. I do not know what the \$2.03 means.

Sir WILLIAM MEREDITH: Either Mr. Flavelle or Mr. Gordon explained more fully, that it was provided that if they made deliveries as stated as an inducement to get them to deliver quickly. If they delivered after a certain date they were only to get \$2.03.

Mr. JOHNSTON: Quite right, sir. The first page is all we are concerned with here.

Q. When you come to the question of bonds, etc. and interest, where did that conversation take place?—A. That was more with the Shell Committee and Colonel Carnegie.

Q. Where you there?—A. No, I was not there when all of that was talked about. I was there at part of the time.

Q. Were you there when there was any talk at all of the payment in advance of the 25 per cent or otherwise?—A. Yes. I supposed that that would be adhered to, but it was not.

Q. But were you there at the time the talk took place with regard to that?—A. I was there part of the time.

Q. What part of the conversation did you hear with reference to the 25 per cent?—A. That the Shell Committee—General Pease was there—that they did not feel disposed to advance the 25 per cent, and declined to do so.

Q. You heard that part of the conversation?—A. I was there just during a part of the conversation.

Q. Was that the part you heard?—A. I heard that part, and they declined to do it.

Q. Did you hear any conversation at all about the four cents per case between these gentlemen outside of yourself?—A. No. I was not familiar with their discussions as to that difference between \$2.39 and \$2.43.

Q. Then as a matter of fact you are not prepared to swear from your own knowledge how that four cents per case came about?—A. Only what Mr. Sheraton and others arrived at.

Q. But you were not present?—A. No, I was not. Let me finish that. Mr. Sheraton was very anxious naturally for his 25 per cent advance. It would have made a very great difference to him if he had received it rather than to go to the bank and get them to advance the money if necessary to start him in and enable him to carry out this contract, in which event in addition to getting the money he would have been called upon to make the usual bond to the Shell Committee to guarantee them against any loss on the 25 per cent.

Q. There was 500,000, were they not cases?—A. That was the order.

Q. And the four cents each would be \$20,000?—A. That would have been the amount.

Q. And they had how long to complete them?—A. I do not remember the contract.

Sir WILLIAM MEREDITH: It was eighteen weeks.

Mr. JOHNSTON: Say five months then. According to your idea of it, the \$20,000, the four cents per case was to be applied in payment of interest, and what else?—A. The four cents as I understand it was arrived at as the difference between the question of \$2.39 or \$2.43, but as to the details of it, I am not familiar with them.

Q. You cannot speak as to that, but you did speak about interest?—A. About what?

Q. Interest, on account of not having an advance?—A. Of course, take 25 per cent upon a contract of say in round figures a million dollars, which difference would have been \$250,000 advanced by the Shell Committee, it would have made quite a difference.

Q. At six per cent it would have made a difference of \$15,000?—A. I don't know. I am not very quick at that.

Q. However, that is your statement in regard to it. Now, there is another matter I want to speak to you about, and if you will give me the same frankness you have been giving me I will be very glad. There is a draft agreement put in here as No. 299, between three gentlemen, yourself and Lignanti and Allison?—A. Yes.

Q. You say the only thing you knew about that was when Lignanti brought it to your office?—A. That was the first knowledge I had that such a document had been drawn.

Q. And the only knowledge?—A. And the only knowledge that I had.

Q. Did you have any subsequent knowledge after he brought it to your knowledge?

A. I did not hear that discussed by anyone until after it came out in Ottawa.

Q. The House discussion, the discussion in Parliament?—A. Yes.

Q. What was done with the document in the meantime?—A. It was in my office.

Q. It was left in a pigeon hole?—A. I don't know. It was there.

Q. You found it later on?—A. It was there, in the office.

Q. Where was it kept, with your private papers?—A. No, in the files, in the usual place where such documents are kept, or any document.

Q. Was there any object in keeping this document, when you had nothing to do with it?—A. No, it was only one of those things which the clerks take and put away.

Q. A document which you had not read?—A. I had not read it.

Q. You are familiar with it?—A. I have read it. I am familiar with it.

Q. I was about asking you a question about it. Have you a copy there?—A. I would like you to get the original copy. The reporter has taken it out.

Q. Here is the original; you can take it for a moment?—A. This is the same as the reporter has taken out.

Q. That is the same as the one which Lignanti left with you?—A. I presume it is the same. There is a mark at the beginning which I recognize.

(Document produced by Mr. Henderson and handed to witness.)

Q. What is the mark?—A. I think I can give you some light on that. I will try to anyway, as long as it has been brought up. The document as given to the House of Parliament in which this contract is brought out spells my name correctly. This document that was drawn up by the lawyers and left at my office spells the name Y-o-k-u-m.

Q. That only means that they are bad spellers?—A. I don't know whether it does or not. It means that the name is spelled wrong. If you will follow me a moment, you will see that it does have some significance.

Q. Is it spelled that way all through?—A. You, mean, all through the document?

Q. Yes.

Mr. HELLMUTH: Yes, it is.

Mr. JOHNSTON: I accept the statement.

[Benjamin F. Yoakum.]



WITNESS: That was the original document. The question that has naturally come around is the question of how this document reached Canada. In the office, as I understand it, there was a copy made of that document in lead pencil which this (document produced by witness) is a photograph of. The party who made up—and you will see the signature of that name, the spelling—the party who made this pencil memo. knew how to spell my name, and it is spelled Y-o-a-k-u-m. Some of these documents have been sent out, and they all spell from this one, not from the one you have in your hand.

Q. There is no secret about the document, is there?—A. No.

Q. Anybody might have it?—A. Let me tell my story?

Q. It is not an answer to my question at all, but go on and make a mystery out of it if you like?—A. It is no mystery, it is a fact. Those errors passed through this document. Now, this document has been photographed by a photographer, so that coming to Canada there could be no misunderstanding or misapprehension of the facts:—

“I, James J. Underwood, do hereby certify that the attached is a true photographic copy of an original document which was written on yellow legal cap ruled paper with lead pencil.

JAMES J. UNDERWOOD.

Subscribed to before me this 3rd day of May, 1916.

WHILHELMINA A. SCARFFE.”

That is sworn to by the photographer, and that does establish the fact that the document here is not the original document which was in my office.

Now, this was a pencil memorandum made from a document in the lawyer's office, and photographed here to show that as coming from the original document. That is where the name does have some significance, because that is an extracted paper.

Q. Is that all you want to say about that?—A. Well, I have said it.

Q. I am asking you to treat me just as you treated my learned friend, Mr. Hellmuth.—A. You brought the question up as to how that was the original document. The difference is in the spelling of the name, and shows that the copy of this paper was not copied correctly.

Q. To tell you the truth, I thought they were all copies, not an original at all.

Mr. EWART: Is the document he has been referring to to be put in and marked as an exhibit, the photographed document?

Sir WILLIAM MEREDITH: Hand it in, Mr. Yoakum, please.

Mr. JOHNSTON: My learned friend wants the photograph copy put in.

Hon. Mr. DUFF: You do not want to keep it, Mr. Yoakum?—A. No, sir.

(Document put in and marked as Exhibit No. 301.)

Mr. JOHNSTON: Look at this agreement dated in 1915, and tell me if any of the statements contained in that document are true—because they seem to couple you up with the contracts?—A. They are true to this extent, in connection with the fuse contract, which Mr. Lignanti received \$50,000, however, if it had been based upon that document I think probably it would describe it a little different, but I don't know.

Q. That is, the fuse contract we are discussing?—A. Yes.

Q. That came from Allison's share, did it, whatever it was?—A. The order has been placed here of \$50,000. That refers to that division, of which he received that proportion.

Q. He was to receive it, or will receive it?—A. He has received his pro rata of it.

Q. He has not received the whole \$50,000?—A. He has received only his pro rata of whatever I have received.

Q. The statement here is that Allison and Lignanti had made some agreement between themselves (I am not going to read the document) and they agreed to continue the endeavours to do certain work, and they incorporated two companies. Do you know how those companies came to be incorporated; was it at your instance?—A. Do you say it was me?

Q. I asked you whether they were incorporated at your instance. First of all, were they incorporated at your suggestion or instance?—A. The two companies were incorporated for the purpose of carrying on certain business. One was a general foreign business, and the other was confined or to be confined to the Russian business. Neither of the companies ever did any business.

Q. So I understand. I understood you to say so before?—A. That is what I stated. Just how they were arrived at or whose instance I do not know, any more than how those things are generally arrived at when various people are discussing them.

Q. I want to know whether or not you had anything to do about the incorporation of these companies?—A. They were incorporated with my consent.

Q. And with a talk between you and Allison?—A. I presume that is where the most of it would be coming from. We were the people interested.

Q. Was there any stock subscribed or paid for in those two companies by either of them?—A. There was no stock paid for excepting the usual organization payments, unless it was considered or should be considered that the money I paid Colonel Allison was in connection with it, you understand.

Q. It did not go to the benefit of the companies?—A. No, it went to Colonel Allison, to make myself clear, we got that \$20,000.

Q. But that is a matter which you settled with Allison?—A. As I have testified.

Q. But as far as these companies are concerned, do you know anything or did you hear the companies except what was necessary to incorporate them?—A. The stock was given. I received what was termed my side of it, 50 per cent, and Colonel Allison's side, 50 per cent.

Q. Wasn't the stock actually transferred or entered in the books as having been issued so many shares to you and so many shares to Allison?—A. Yes: The stock book would show that the stock was issued. But it has been recalled.

Q. Was any issued to Lignanti?—A. I don't know whether it went to him or not, or whether it went to Colonel Allison.

Q. There were more than two of you in the company, anyway?—A. The organization required three. The lawyers did all that.

Q. You don't know who the third man would be?—A. No, I have no one in mind.

Q. Here are the copies—they play some part in this?—A. These companies?

Q. Yes. I suppose these are all nominal names. Your name does not appear, so I shall not read all the names. In the Allison Supply Company certificate of incorporation, the directors given (they may be stockholders) are all of No. 36 Nassau street, New York City. Whose office is that?—A. Will you give me the names?

Q. Do you know who lives at or has an office there?—A. I think that is a lawyer's office.

Q. Howard K. Wood, H. O. Coughlan, S. A. Anderson, Samuel B. Howard and Joseph F. Curtin?—A. Those are all organization names.

Q. Just nominal people put in?—A. Yes.

Q. Then they have the first three, Edward K. Wood, H. O. Coughlan and S. A. Anderson as the subscribers who each take nominally at least ten common shares each. The date of the document is the 25th day of February, 1915.

The other document is the certificate of incorporation of the British-American Trading Corporation.

This document sets out the various objects of the corporation, and is dated the 2nd day of March, 1915.

[Benjamin F. Yoakum.]

Would that be about the time?—A. That would be around the time.

Q. And the parties to that, the directors or subscribers to this certificate are Howard K. Wood, H. O. Coughlan and S. A. Anderson, and they take ten shares each, the same names. But at No. 36 Nassau street, New York City they have nine directors for the first year, and six of them are the same as in the other document, with the addition of Frank M. Artley, H. B. McMillan, John P. Fritts, and Louis H. Robinson. Do you know anything about them?—A. No.

Q. They mean nothing except the organization?—A. Nothing except the organization, as I understand it.

Q. And these documents set out the purposes of these two companies as we have seen. I should like to put these documents in, because something turns upon the question of the dates and the objects. The two may be put in together.

Sir WILLIAM MEREDITH: It is a pity to have them all put in. Haven't you stated the names and the objects? Give us a summary of the points you want.

Mr. JOHNSTON: I will have that done. I cannot do it just at this moment.

Sir WILLIAM MEREDITH: Were there other copies of them?

Mr. JOHNSTON: No, sir. I will have them put in the first thing in the morning. They are just the formal incorporation. The objects are the only parts hearing upon the points, and the dates.

Q. You were looking at the proposed agreement that Lignanti brought to your office; did you say when that agreement was brought to your office?—A. No. I cannot.

Q. Can you say the month it was brought?—A. No, I don't think I can.

Q. What is the date of it? September 15th?—A. I suppose it would be around about that time.

Q. Have you any recollection of it?—A. No, I have not.

Q. Then we do not know whether it was about the date of it or not?—A. No. I could not swear to it.

Q. In the first paragraph Allison and Lignanti speak of using their best endeavours for their mutual benefit and profit. You knew nothing about that?—A. I knew nothing about the arrangements between Mr. Lignanti and Colonel Allison, as far as my relations to them would extend. My business was all with Colonel Allison.

Q. That is not quite the answer I thought you were going to give me, although it may strike your mind as all right. Did you know that Allison and Lignanti, some time prior to January 1913 (which should be 1915) entered into an agreement to procure and sell as principals, and negotiate and consummate as brokers, contracts for supplies for export to certain European countries?—A. I did not know it, to my knowledge.

Q. You did not know that at all?—A. No.

Q. You had not been informed that that was so?—A. Not to my knowledge.

Q. It was something entirely new to you?—A. Yes, it was.

Q. In or about the month of January 1913 (1915) I presume) "the said Yoakum joined with them in their said enterprise"; that is not so?—A. Only insofar as it relates to Colonel Allison.

Q. Did you in the month of January, 1915, join—A. January, February or March, or somewhere in that neighborhood.

Q. Had you joined with them?—A. Only with Allison.

Q. You are not very sure whether it was in January or not; it may have been in March?—A. It may have been in March.

Q. Then the said parties caused these two companies to be formed. Was that true?—A. The companies were formed, as I have related, for those purposes. I presume it was perfectly natural that companies would be formed with our consent undoubtedly; that was the business.

Q. You and Allison?—A. That was the fact.

Q. You were not prepared to hook yourself up, as one might say, with Lignanti in this transaction?—A. Lignanti did not come into that transaction, so far as I am concerned.

Q. So that it is not true that you three men were concerned together. What is apparent on the face of it as to the truth or falsity of it is what I want to get at. That is not true—Lignanti had nothing to do with you?—A. No.

Q. Let us see the other recital. It is said that Lignanti desired to withdraw from the enterprise. As far as you were concerned, that was not true?—A. There was not joint enterprise, as far as I was concerned.

Q. So that as far as you were concerned that statement was not correct which I have just read to you, was it?—A. Not so far as I am concerned.

Q. Then there is another recital, to the effect that he not only desired to withdraw from the enterprise but that you and Allison had consented to that withdrawal; there was no truth in that statement?—A. I could not have consented, because there was nothing to consent to.

Q. I suppose you saw Lignanti from time to time?—A. I saw Mr. Lignanti occasionally.

Q. What did you say to him with regard to these statements, if you said anything?—A. I did not read that document through until the statements were published.

Q. I am speaking about the statements on the very first page, which you say you read a part of anyway?—A. I said very distinctly that I had nothing to do with any arrangement between he and Colonel Allison and I was not a party to it, or would not be a party to any joint arrangement.

Q. So you have told me, and I am accepting your statement as being correct. What I am asking you is what you said to Lignanti?—A. That is about what I would say.

Q. Where and when did you say it to Lignanti?—A. When Lignanti came to my office with this document.

Q. What reply did he make to that, do you remember? What stand did he take?—A. He took no stand. He did not contend that any such an understanding existed between us. There was no contention on his part that that document was justified.

Q. If this document was an untrue document in regard to the statements of fact, because you told him at the time you repudiated it there and then—A. I told him what I have stated to you.

Q. You told him that you had nothing to do with it, in effect?—A. In effect.

Q. What did you say to Allison about this document?—A. I don't know that I ever had any reason or occasion to discuss it with him.

Q. With Allison?—A. I did not consider it of any importance, that it was absolutely as if it had never been written, so far as I was concerned.

Q. It was, as far as you were concerned, an absolutely shadowy document; it had no foundation in fact, as far as you were concerned?—A. Only so far as the facts that existed, that is, in connection with his interest in the fuse contract.

Q. Lignanti had as you say an interest in that fuse contract, at the beginning?—A. Lignanti has an interest in the fuse contract as shown by the document which I filed here.

Q. Through Allison?—A. Through Allison.

Sir WILLIAM MEREDITH: That is not either of these two contracts we are inquiring about.

Mr. JOHNSTON: I think so, but perhaps not.

WITNESS: The fuse contract that is referred to in there is this same contract of which Allison gave an order to Lignanti on me for \$50,000.

Mr. JOHNSTON: For two and a half million fuses; is that correct?—A. That is correct.

[Benjamin F. Yoakum.]

Q. So that you learned of Lignanti's connection with that I suppose if not before at any rate through the order which Allison gave to pay this man or to give him certain proceeds of the commission?—A. I did not know and was not familiar with any arrangement existing between Allison and Lignanti in connection with a fuse contract other than is shown in the documents I have filed, that \$50,000.

Q. You knew that in this document which was presented to you reference was made to the Edward Valve Company?—A. Yes.

Q. Did you know that at the time he gave you the document?—A. How is that?

Q. You knew from this document that at one time or another he was claiming an interest in the contract of the Edward Valve Manufacturing Company?—A. The Edward Valve Manufacturing Company's order is mentioned in that document.

Q. You knew he was claiming some interest in that, or did you?—A. He has no interest in that so far as I am concerned except as it appears through any arrangement he has with Allison.

Q. That is the only one he has?—A. None with me.

Q. Has he any interest to your knowledge except what has appeared through Allison in any of these other contracts mentioned in this draft agreement?—A. None. There is no other contract mentioned in there that I can recall now.

Q. There are several?—A. How many of them materialized, as it were?

Q. None materialized, but there are several mentioned.—A. There are several mentioned. I thought you meant the ones that were alive.

Q. Is it the fact that Lignanti is making a claim against you in connection with some of these contracts or similar contracts at the present time?—A. Not a dollar.

Q. I do not mean to say that you are liable to him?—A. There is none being made.

Q. He is not making a claim of any kind against you?—A. Not for a dollar.

Q. And he is not, as far as you know, making a claim against Allison, since he has been settled with in the way you have told us?—A. I am not familiar with their business.

Q. You don't know of anything?—A. I would rather not make any statements in regard to their transactions.

Q. But you don't know of anything?—A. No.

Q. Well now, there was an agreement made in January, February, or March—you thought yesterday it was March; you cannot come any closer than that to this agreement with Allison?—A. I don't quite catch that.

Q. As to the time, I mean?—A. It was in the spring. I am not sure whether it was February or March.

Q. But the original understanding was covered through these two companies which ante-dated the understanding arrived at after the companies became inoperative—the papers speak for themselves?—A. The papers speak for themselves. I don't know just what date it was.

Q. I am not quarrelling with that statement. But you say that the first claim—let us understand the first claim or the first agreement. The first agreement or the first arrangement that came up by which there was to be any sharing whatever would be under the companies incorporated at that time?—A. Yes, but there wasn't any.

Q. No, no, I am not saying there was?—A. Yes, the inference might be left that there was, but I want you to understand that there wasn't.

Q. I understand that nothing was done with the companies at all?—A. No, no business transactions.

Q. The companies just remained dormant, and you had no occasion to use them?—A. They haven't been used.

Q. They haven't been used at all. But that is the first thing, you based your arrangement?—A. That is the first.

[Benjamin F. Yoakum.]

Q. What was the second arrangement for a division, call it what you like?—A. The organizations and corporations have a good deal to do with reports nowadays in that way, both State and inter-State and now another Commission, the Industrial Commission. There being to my mind—or probably anyone familiar with the situation—no necessity for continuing those corporations for the purpose for which they were organized and for which we are now or did later carry on the same kind of business without them.

Q. When were they cancelled?—A. Oh, I don't know. The stock was called in, the corporations have never been absolutely cancelled as corporations.

Q. They are still in existence?—A. As corporations only, but doing no business. May be the lawyers have taken steps to cancel them, but I don't think so.

Q. My question is: What occasion was there for a verbal understanding if you had it in writing through these corporations a month or two months previous?—A. For the reason that I preferred it, and it was better so far as men can determine those things to handle matters of this kind without those corporations. I preferred to handle it without corporations rather than with them and maintain those corporations.

Q. Who suggested those corporations in the first place?—A. I don't know. But at that time it looked like the best thing to do, later on it wasn't.

Q. You thought the corporation was better at first, and found later that it was better to be individuals?—A. That is what we did, and we must have thought it best.

Q. So whenever this agreement was made, or this understanding, where was it made?—A. I presume it was in New York.

Q. That is a very wide territory. I presume it was in the United States. Where was it made?—A. It was made in New York.

Q. I suppose so.—A. We must have talked of it some time at my office, may be at the Manhattan Hotel at Colonel Allison's rooms, I can't specifically state what spot it was on.

Q. It might have been talked over at lunch in a casual way or in a serious way. That might have happened?—A. Oh yes, it could have happened. I thought you were answering your own question.

Sir WILLIAM MEREDITH: He is very particular for you to keep to the question, Mr. Johnston.

Mr. JOHNSTON: Now, you anticipated some very large transactions I suppose?—A. They looked fairly good, sir.

Q. You smile over that?—A. No, I am smiling back, not now.

Q. And they turned out pretty good as far as you are concerned, if they are carried out?—A. That is a matter that is rather personal, Mr. Johnston. I have been in other deals that turned out bad and turned out good. There are just as many losses in this thing as gains.

Q. In regard to this rather large contract you anticipated it has turned out not so bad after all?—A. You haven't heard me complain.

Q. No.—A. If I lost every dollar I had I am not complaining; if I made a few—

Q. You are not complaining?—A. No.

Q. At any rate, you admit that it was a large contract you were looking for, with around a million dollars commissions in it for somebody according to the theory at that time?—A. No.

Q. What size of contract were you looking for?—A. We started out originally figuring on the basis of 5,000,000 fuses which in round figures at \$4.50 would have been about \$22,500,000. Now, the history of how that all developed and was divided up has all been gone through here with you.

Q. What commission did you decide upon or did you discuss with regard to the whole contract if you got the whole contract for five million fuses?—A. We never reached that point.

Q. You didn't discuss the commission?—A. No.

[Benjamin F. Yoakum.]

Q. When did you first begin to discuss the commission?—A. When we started out on this contract we started out if we could secure the contract to manufacture 2,500,000 fuses. The question of commission was not discussed until we had practically closed the contract; that is, we considered it pretty well closed up.

Q. Did you consider that you were entitled to commission at that time?—A. What is that?

Q. Did you consider that you were entitled to commission at the time the contract was signed up?—A. We started out with the hopes of the profits.

Q. You were not contracting as a manufacturer?—A. I would have been a manufacturer in the sense that I put up my share of the money.

Q. That is not all you were going to get out of it?—A. I couldn't expect a commission and a profit too.

Q. If you put up your money?—A. If I put up my money, yes. It is always easy to think of things you might have done that never happened, but the commission was't any part of our talk for the reason that we were endeavoring to get the contract first, the commission came later.

Q. Why wouldn't you be entitled to your commission even if you put up \$100,000 and got your stock and paid for it? Cadwell got his?—A. Cadwell got part of this commission and I don't say I wouldn't, but I say we didn't because we didn't get to it.

Q. When did you first begin if you can give me the time that you and your associates began to talk commission?—A. We asked commission after we had closed the contract, a tentative understanding. I don't know that there was any talk of commission until we had reached a tentative understanding with the Shell Committee.

Q. That was about when?—A. About the time Mr. Cadwell described, about the 1st or 2nd of June.

Q. The 1st to the 5th of June he said?—A. Yes.

Q. Had you any talk at that time with Col. Allison with reference to this as a specific commission which you would provide?—A. Not until after the closing of the contract.

Q. So that was the time of this conversation. Had you then any idea of the contract that you subsequently entered into or got?—A. What?

Q. At the time of the conversation you have given us in March or whatever it might be—A. No, nothing in connection with commission.

Q. No, no, anything about a contract at that time. Was that what gave rise to the talk you had about a contract for war purposes?—A. A general contract, that included any foreign business.

Q. Did you at that time talk over the prospect or probability of a contract in Canada, fuse or otherwise?—A. No.

Q. That was entirely in regard to fuse business?—A. Yes. It didn't include Canada, it was general business.

Q. And the contracts that you had in view then were foreign contracts?—A. Yes, sir.

Q. When did you first begin to talk with Allison or anybody else of Canadian contracts?—A. The first strictly Canadian contract was in connection with a possibility of getting a contract for cartridges, small arms.

Q. When was that?—A. I think as I said before, along in March some time.

Q. When did you first discover or talk about the fuse contract?—A. Well, I cannot fix the date, but it was soon after or about the same general time. I don't know as to whether it is the exact time or not of the cartridge contract, I think in March or the 1st of April.

Q. March or the first of April. When did you first mention commission either on your part or Allison's part to Mr. Cadwell?—A. My talks with Cadwell and Bassick were all from the manufacturing standpoint until we had reached a tentative understanding with the Commission.

Q. Can you give me the date?—A. I mean the understanding with the Shell Committee, somewhere about the first of June.

Q. It couldn't be the first of June.

Sir WILLIAM MÉRÉDITH: Between the first and the fifth.

Mr. JOHNSTON: Was that the first time you had been in Ottawa?—A. Oh, no.

Q. About the fuse contract?—A. No, I was here every time occasion seemed to require it.

Q. Had you been here several times prior to the 1st of June or about that date?—A. Yes, I had.

Q. Had you been accompanied by anyone?—A. I don't think any one until Mr. Bassick and myself came to Ottawa first. I think he was the first. I think Cadwell came once, I don't remember; but I know Bassick and myself was here.

(The Commission adjourned to 10 a.m. Thursday, the 18th May, 1916.)





# ROYAL COMMISSION.

**EIGHTEENTH DAY.**

**MORNING SESSION.**

OTTAWA, Thursday May 18, 1916, 10 a.m.

Sir WILLIAM MEREDITH: The reporter had better note that there are being put in extracts from the certificates of incorporation of the Allison Supply Company incorporated and the British-American Trading Corporation.

*Certificate of Incorporation of Allison Supply Coy., Inc.*

Purposes.—To manufacture, buy, sell, etc.—as principal or agent—all kinds of goods, etc.

Capital.—1,000 shares of \$100 each—\$100,000 preferred and 10,000 shares which have no nominal or par value common.

The amount of capital with which the Corporation will begin business shall be \$150,000.

Directors.—Five.

Dated 25th day of February, 1915.

*Certificate of Incorporation—British-American Trading Corporation.*

Purposes.—To manufacture, buy, sell, etc.—goods, etc.—machinery, etc.

Capital.—\$12,500.

Directors.—Nine.

Dated 2nd day of March, 1915.

(Marked as Exhibit 302.)

BENJAMIN F. YOAKUM, examination resumed.

*By Mr. Johnston:*

Q. During the negotiations leading up to this fuse contract, Mr. Yoakum, how often did you see General Hughes?—A. I did not see General Hughes very often. I saw him when he was here, on my visits to Ottawa.

Q. That is only once. How often would you say you saw him, half a dozen times?—A. I would say four or five times.

Q. Where did you see him four or five times?—A. I met him both in Ottawa and in New York.

Q. And when you saw him in Ottawa who was with you, anybody?—A. No, I don't remember. There was always several people around, but I don't remember anybody specially.

Q. If I remind you you may recall it. Was Colonel Allison with you when you saw him?—A. Not on every occasion, but as a rule Colonel Allison was around.

Q. The answer is that as a rule he was around?—A. Generally around.

Q. Did you and he and General Hughes discuss the question of these fuse contracts?—A. No, never discussed the contract as a contract.

Q. Did you discuss the fuse contracts or the agreements, not the details?—A. Not with General Hughes.

Q. The negotiations, if I may put it in that way?—A. Not with General Hughes.

Q. Were you referred to Colonel Allison as the proper person to deal with that, and not the General?—A. No, sir.

Q. No? Well, with whom did you discuss the negotiations—A. The original fuse discussion, as I have stated, came to me through Colonel Allison. After that I had all my discussions; all my transactions in leading up to this contract was made through the parties associated with me, principally Bassick and Cadwell.

Q. Including Col. Allison, I suppose.—A. Well, you say so.

Q. I am asking you.—A. I was not finished.

Q. Go on.—A. Cadwell and Bassick. I did not discuss the details of this contract with Col. Allison.

Q. I am not caring about the details, speaking generally.—A. Cadwell and Bassick.

Q. And not Col. Allison?—A. And not Col. Allison.

Q. Not even generally.—A. Not in any manner pertaining to what I was undertaking to do.

Q. What was that?—A. To obtain this contract and carry it out.

Q. Do you mean to swear that you and Col. Allison did not discuss your proposition to obtain this contract?—A. Not in detail.

Q. In any way?—A. Col. Allison knew of course that I was working on this contract, but my method of working on it and carrying it out with all its ramifications was taken up by me for the purpose of obtaining the contract and its execution, and doing that I did it in my own way without discussing the question with Allison as to how I should do it.

Q. The only ramification that I can put my hands on so far is that of commission as far as you and Allison are concerned. Did you and Allison talk generally about this fuse contract?—A. Not as to how it should be executed.

Q. I am not asking what the conversation was at all, I am merely asking the fact.—A. Yes?

Q. Did you and Colonel Allison have talks about this fuse contract?—A. Only in the beginning, as has been related, at the Manhattan Hotel. Beyond that I did not.

Q. How many times do you say you saw Col. Allison in regard to this contract?—A. I did not see Colonel Allison at any time regarding this contract except the times that have been stated when he was present at these conferences.

Q. That would be how many times?—A. That would be the conferences stated here that took place at the Manhattan Hotel with Colonel Carnegie and General Bertram and others.

Q. On what ground did you enter into any talk at all or have anything to do with Colonel Allison? Why?—A. Purely from the start, the contract coming to me as it did I undertook to carry it out; but with no understanding as to how it should be carried out, and there was no reason for any general discussion at different times further than to establish the relations of myself through the conferences with Bassick and Cadwell and other manufacturers.

[Benjamin F. Yoakum.]

Q. Why did you discuss or make any arrangements or talk about any arrangement with Allison?—A. The arrangement was in the beginning with Allison.

Q. Why did you go to Allison?—A. The contract was started with Colonel Allison.

Q. Where? Give me the exact point of that. Where was it?—A. I tried to.

Q. Don't let us get away from the point. Where did it take place?—A. The first conference or the first talk was in connection—whether or not it came at the time I was here looking into the cartridge contract—I stated yesterday I could not clearly say; that is as to dates or time. The original talk that I had with Colonel Allison was when he called my attention to this proposed contract and stated to me that he had mentioned it to Mr. Craven, as I have already testified.

Q. That is not an answer to my question. I will put it again. Where did you have your first interview or talk with Colonel Allison about this contract?—A. That would be in New York.

Q. In whose room or office did that take place, do you remember?—A. I should say Colonel Allison's.

Q. That would be at the Manhattan Hotel?—A. Yes.

Q. Exactly how did you come to go to see Colonel Allison at the Manhattan Hotel?—A. I don't remember the circumstances under which I would have seen Allison on that or any other occasion. Possibly he telephoned me, I don't remember.

Q. Very well, you don't remember. But at any rate, your first meeting would be in the Manhattan Hotel when you talked with Colonel Allison something about a Canadian contract, putting it generally?—A. Putting it generally, yes.

Q. Now, was that before or after you saw General Hughes?—A. My first—

Q. Wait a moment. Was that before or after you saw General Hughes?—A. If I remember it, as I said yesterday, my first visit to Ottawa at the time I met General Bertram was before.

Q. It was before the interview?—A. Because that was my first visit to Ottawa in which I come in contact with the cartridge contract.

Q. The interview you had, whatever it was, and I am not seeking details—the first interview you had with Colonel Allison about this contract was before you came to Ottawa?—A. No, after. Therefore, it was after I met General Hughes, if I am right in my dates.

Q. That is your best recollection now?—A. Yes, sir.

Q. Who went to see General Hughes with you?—A. On what?

Q. On this occasion when you talked contracts?—A. I did not discuss the fuse contract with General Hughes.

Q. When you talked some contracts?—A. That is in Ottawa?

Q. Yes. Who went with you to see General Hughes?—A. Colonel Allison was in Ottawa and no doubt he was with me.

Q. Was he with you?—A. I cannot remember, I think he was.

Q. Had you ever met General Hughes before?—A. I had not.

Q. Did you know anything about him before that of a personal character at all?—A. I knew of him, we all knew of him.

Q. You knew that he was the Minister of Militia?—A. I knew his position.

Q. Yes, you knew his position, and what was the reason for you taking—if you will be good enough to explain—or Allison going with you to see General Hughes?—A. There was no reason except that Colonel Allison was here and I was here on a contract that he had informed me might become a fixed contract.

Q. Yes?—A. There was no other reason for it.

Q. He seemed to know something about a pending or probable contract?—A. He did.

Q. And he told you I suppose the proper way was for you and he to see General Hughes about it?—A. Colonel Allison did not state that.

Q. What did he state?—A. That contract I was informed would be one that would have to be determined by the War Department.

Q. Did you know at that time that there was a Shell Committee?—A. I did not come in contact with the Shell Committee, and I did not think at that time and I do not think that they were handling this particular cartridge contract.

Q. Did you know that there was a Shell Committee?—A. Yes.

Q. And you knew that they had a certain function to perform with regard to Shells?—A. Yes.

Q. Did you know that they had anything to do with fuses at that time?—A. I knew nothing about their relation with fuses at that time.

Q. Your first business was a cartridge contract?—A. My first business was a cartridge contract.

Q. How long were you and Colonel Allison with General Hughes at the first meeting, about?—A. We never had any special meeting that I can remember in connection with it. We met at the hotel, I think we lunched together, and in a general way I inquired into the possibility of the War Department or the British Government or somebody giving a contract for a couple of hundred million cartridges.

Q. Was that the time that Colonel Allison was with you?—A. He was with me on that occasion.

Q. Who introduced you to General Hughes, the personal introduction? Colonel Allison?—A. Just who made the introduction, I do not remember. There were four or five there, I do not know whether Allison did it or not.

Q. Any way, he and you were there and you all had lunch together?—A. Several of us, not only three of us but several.

Q. That was where, here or in Montreal?—A. In the Chateau.

Q. Did you see General Hughes again that day?—A. I do not think so. I think I left on the 4.45 train, I do not think I saw him again.

Q. Did you meet the Shell Committee on that occasion?—A. I am a little mixed as to whether I met General Bertram on that occasion as I testified before; it was either then or soon afterwards.

Q. Did Colonel Allison go with you to see General Bertram or the Shell Committee?—A. No, I met them at the hotel, nothing but a casual chat.

Q. Was anything said at the Hughes interview with reference to what you should or should not do in the future as to your negotiations?—A. No, nothing whatever.

Q. It seemed to be understood I suppose that you were to go on and see what you could do in regard to getting your contract.—A. Understood between who?

Q. You and Allison and General Hughes?—A. General Hughes had nothing to do with it.

Q. What did you assume?—A. I stated exactly what I talked about. It was a proposed cartridge contract.

Q. Well, he would have to do with that, I suppose?—A. I don't know the channels under which these things are handled.

Q. Perhaps you can tell me this; what fact induced you to go to General Hughes, when you did not know anything about the situation in the first place?—A. Because I knew it was the War Department, and I knew that if an order was placed it would be through the War Department, and I knew that General Hughes was the head of that Department here, and in discussing the question of whether or not this contract was to be let—not discussing the contract, I want to keep that entirely clear—but if such a contract was to be let I wanted an opportunity to make a bid for the 200 million cartridges.

Q. Do you swear you had no talk with Allison about this cartridge contract of its terms, and so on?—A. Allison I am sure informed me that the price that the Government probably could afford to pay would be \$34 a thousand. I could not see, without going into the matter (not in a full way but in a general way and in a limited way) the advisability of taking such a contract, to be built in Canada, that is, under the talk the cartridges would have been built in Canada—for less than \$36.

Q. You wanted more money if you were going to take the contract?—A. Yes, and I talked along those lines.

[Benjamin F. Yoakum.]

Q. Were you to give Allison one-half of the commission on the cartridge business if it was carried out?—A. There was no commission ever discussed or thought of, so far as I was concerned, my object being in that sense a contractor. What the result of that would have been, I don't know.

Q. If there was a commission, was it the intention to give Allison one-half?—A. There is no question about the fact that my understanding with Allison was that if I received any commission Allison would be entitled to his proportion.

Q. If you were not manufacturing, yourself, but sub-letting it or procuring it to be made by somebody else, this cartridge contract, you would of course have naturally claimed a commission?—A. I don't know. I might have been the contractor.

Q. But if you were not a contractor?—A. If I had not been the contractor, and if there had been a commission—is that the way?

Q. Put it that way if you like. If you had not been the contractor under this contract, was it your intention to be paid by way of commission?—A. I had not reached that point.

Q. Now?—A. I had not, because the contract was not even offered to me.

Q. Surely you had in mind how you were going to be paid?—A. I had in mind that I wanted that contract. The question of whether there were profits or commissions would have to be determined in a business way as it progressed and developed, and whether or not there was to be any commission was never in my mind or discussed with anyone.

Q. One of the two would be there—profits or commission?—A. One of the two would be there, you may be sure.

Q. Perhaps you would have both there?—A. That is your suggestion.

Q. Perhaps both would be there, in your mind?—A. That is simply a wild question. If we hadn't developed anything, how the deuce could I answer such a thing? I knew when I got into touch with this thing that in some way generally speaking there would be some profit in this deal, otherwise I would not have been here.

Q. Was it considered, that there would be either profits or commission if you put the deal through?—A. If I put the deal through there would be something somewhere in the way of profits or commission, or I would not have been here.

Q. And in some way or in some place you being here Allison would share in the profits or commission?—A. No. If Allison shared in the proposition he would put up his share of the money or assume his share of the liability. He would have the right to do that, but not in any profits unless he stood his share of the losses or gains.

Q. But if he went into the business and if there was commission, then what do you say—Allison would be entitled to his half?—A. Always.

Hon. Mr. DUFF: You mean that the consequence of your arrangement was that if you went into the business in the way of putting up capital, Allison would be entitled to come in with you as a partner?—A. He would not under our understanding, Judge, be entitled, but it would be a matter of courtesy always to offer any man you are dealing with a participation in anything that would come from a deal.

Q. What I wanted to get at was, would that be regarded as a natural incident of your arrangement; would it follow as a matter of course?—A. It would follow that it was what I would undoubtedly do. But there was no agreement.

Q. I am speaking of his legal rights.—A. He would have been.

Q. And if there was a commission he would have had a legal right to share in that commission?—A. I don't know whether you would call it a legal right, but if there had been a commission he would have had a share in it.

Mr. JOHNSTON: You would have made the law to suit, as far as you are concerned, because if there was a commission you would have given it to him?—A. The law of business integrity would have settled that.

Q. You thought, from your standpoint at least, that a commission, whether on the other contract or under the fuse contract was a perfectly honest and proper thing

for Allison to charge or get; you never had any doubt in your mind about that?—A. How is that?

Q. Under all the circumstances, and under this fuse contract, you always thought it was a perfectly honest and proper thing for Colonel Allison to get his share of the commission?—A. That was my arrangement with him.

Q. And you thought it was an honest and a proper arrangement?—A. My arrangement with Allison?

Q. Yes?—A. I so regarded it.

Hon. Mr. DUFF: As applied to this transaction.

Mr. JOHNSTON: As applied to this transaction, the fuse contract?—A. You are speaking about the question of other people. I am only speaking so far as I myself am concerned.

Q. I am speaking about yourself and Allison. You know there was a fuse contract?—A. Yes.

Q. You know that under the fuse contract you and Allison got a certain proportion of the commission?—A. When finally wound up.

Q. Do you consider under all the circumstances that it was a perfectly honest and fair thing for Colonel Allison and yourself to do, in regard to that share of the commission?—A. I gave Colonel Allison one half of it according to my understanding.

Q. And you thought it was quite a proper and honest piece of business for him to enter into that with you?—A. It was absolutely, so far as I am concerned. I see no possible objection to it.

Q. I just want to get it clear that you have it before your mind?

Sir WILLIAM MEREDITH: He is expressing his present view. He has not said it was before his mind.

Mr. JOHNSTON: At the time the arrangement was made, or when the share of the commission was paid, at that time did you consider it was a perfectly honest and proper thing to do?—A. At the time this commission was paid?

Q. Yes?—A. That commission was agreed upon.

Q. Agreed upon and paid, and orders given to cover it?—A. It was purely a business transaction.

Q. I am asking you the question, did you consider it then an honest and a proper thing?—A. I did not see any objection to it.

Q. Neither then nor now did you or do you see any objection to it?—A. Not a bit. Here is a contract and here is the deal. All the cards are on the table, face up.

Q. And it is a question whether there are Kings up or Knaves up?—A. They are all up.

Mr. EWART: And the game's up.

Mr. JOHNSTON: Did you know that Allison had sent a circular letter to various people with whom he was doing business or proposing to do business, with regard to this very question of commission?—A. No, sir, I do not.

Q. Do you remember reading the letter in the report of the discussion as having been sent to the Minister of Militia?—A. I don't remember seeing that.

Q. Do you remember seeing this—it will be proved otherwise, so I need not trouble you as to the technical proof; I merely want your recollection of it, I want it distinctly understood. I will read you the letter, because it may bring back some discussion to your mind. It is dated May 14, 1915, and is addressed to the Minister of Militia. I am reading from Hansard.

Mr. HENDERSON: There is no address given, but the text of the letter will show to whom it was addressed.

Mr. JOHNSTON: This is the language of the Minister of Militia.

Mr. HENDERSON: That is a letter addressed to Dowler, Forbes & Co.

Mr. JOHNSTON: Have you a copy of the letter?

[Benjamin F. Yoakum.]

Mr. HENDERSON: Yes, I have a copy of it.

Mr. JOHNSTON: That will be better. I am reading now from the Minister of Militia's statement in Hansard, at page 2369, under date of March 28, 1916. Referring to his speech of the 26th of January, he said then:—

"I may say further concerning Colonel Allison—I shall refer to the matter of fuses in a very short time—that in all his dealings with business firms in United States he has in each instance, so I am informed and believe, given those with whom he dealt the following letter, or one similar."

I am taking it that that was the letter, or a similar letter.

Mr. HENDERSON: That is not a proper assumption.

Mr. JOHNSTON: I am informed and believe, given those with whom he dealt the following letter, or one similar:—

MAY 14, 1915.

Confirming my verbal statements to you of yesterday and in order that there cannot be any room for misunderstanding, I now re-affirm in writing my position in connection with the fuse question.

I have been and am doing my very best to secure the lowest prices possible for the Government, and above all things, wish to do whatever I can to aid them in procuring the best workmanship, lowest prices, and largest deliveries possible; and if you are bidding for the manufacture of this fuse for the Shell Committee or the Canadian Government, I want it distinctly understood that I do not want any profit added to the price under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody, in connection with this matter.

Very truly yours,

J. WESLEY ALLISON,

Q. Did you ever hear of or see this letter?—A. I want to correct what I just stated. When you asked the question you put it as a general circular, and I said I had not seen it. I have seen this letter in the document you are reading, but I am not familiar with the letter itself.

Q. You have not seen a copy of it apart from what you have read here?—A. I don't think I ever saw a copy of it. I have heard it and have read it there, since you have shown it.

Q. Have you any comment to make of the connection of J. Wesley Allison with the fuse matter?—A. No, I have not. The letter speaks for itself, in this regard; the people he is there dealing with, he don't expect them to pay him any commission. I think that is very clear.

Q. He says "I want it distinctly understood that I do not want any profit added to the price under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody, in connection with this matter."

You say that in your judgment that would exclude, do you, the part of the commission which you were paying him.

Mr. HENDERSON: They were bidding at the time.

WITNESS: I did not receive that letter.

Mr. JOHNSTON: In your opinion does that exclude the portion of the commission you were paying Colonel Allison?—A. It has nothing to do with me.

Q. That is not the question, quite. However, you have heard the letter read?—

A. Yes, sir. I heard you read it.

Q. Not only that, but you know all about your agreements or understanding with Colonel Allison, do you not?—A. I do.

Q. Then I ask you (if you will be good enough to tell me)—does that letter apply to the commission you gave Allison in your judgment?—A. No, sir.

Q. Why?—A. If he had written me such a letter, it would have been rather interesting.

Q. Why, in what way?—A. It would have saved me that share of the commission. But I did not receive such a letter.

Q. If you had received such a letter it would have saved you paying him any commission?—A. I mean just what that letter says.

Q. Tell me this; after that conversation which you had with Colonel Allison at the hotel and had lunch, have you any recollection of when you next saw General Hughes?—A. No, I have not.

Q. Would it be a week, or two weeks?—A. It would certainly have been a good while after, but I don't know exactly when I saw him.

Q. Four or five times is the best you can give us of the number of times you remember having seen General Hughes?—A. In a general way, four or five times, until I came up here this last time.

Q. You cannot tell me when you next saw him, you in company with Colonel Allison?—A. No, sir, I cannot.

Q. Is there any time when you can recall that you saw General Hughes alone, without Allison being present?—A. Oh, yes. I have seen General Hughes on several occasions and discussed general matters, not fuse matters.

Q. At that time?—A. You asked me about after that, didn't you?

Q. Up to the time of the contract?—A. I have seen General Hughes on several occasions when Allison was not there.

Q. But up to the time of the closing of the fuse contract?—A. Yes, I have seen him.

Q. Can you tell me any occasion you saw him without being with Colonel Allison?—A. The times I have seen General Hughes as a rule have been twice, I think, at times when he was passing through New York on European trips.

Q. Let me take it in Canada.—A. When I visited Canada at any time, I always called on General Hughes, as I do others, but I don't think Allison was with me. I am sure he was not with me at any time.

Q. You have told me you saw him four or five times?—A. Yes. I say when I came to Canada I always called upon General Hughes.

Q. That is, up to the time of the signing of the contract?—A. Yes.

Q. How often will you say Allison was with you?—A. I had reference more to the times I met General Hughes in New York, not here.

Q. But here at any time, after the contract was completed, after the contract was finished, executed?—A. Do you mean, after the 19th of June?

Q. Up to the 19th of June, not after. I am not speaking about that. You said, as I understood you (correct me if I am wrong) that you saw, generally in company with nobody, General Hughes four or five times, as far as you can remember?—A. I did not mean that. I said I met General Hughes four or five times, probably half a dozen times. I did see General Hughes in New York. As a general thing Allison was there.

Q. Keep away from New York, and get back here.

Mr. EWART: Let him finish his answer.

WITNESS: I am through.

Mr. NESBITT: It is such a fault of my own that I haven't anything to say to Mr. Johnston.

Mr. JOHNSTON: I am trying to confine you to the period prior to the 19th of June?—A. Yes.

Q. You are talking about interviews in New York after that as well as before?—A. I am trying to keep track of your dates.

Q. Keep in mind this; up to the 19th of June, in Canada—do not mind New York—perhaps I did not make it quite clear?—A. And maybe I did not.

[Benjamin F. Yoakum.]



Q. Now that we have had mutual apologies, we will start afresh—another deal of the cards on the table. Will you say how often you saw General Hughes in Canada?—A. I cannot say definitely, but I should say three or four times; whenever I was here.

Q. On how many of those occasions were you accompanied and met Allison with General Hughes?—A. Not at all in Ottawa, except the first talk, I told you.

Q. Then you saw General Hughes after that yourself, if there was any seeing in Canada?—A. Yes. I always called on him.

Q. Did you see Allison in Canada without seeing General Hughes?—A. I never saw Allison in Canada but once.

Q. And that was the time you speak of?—A. That I can remember. That was the first time.

Q. And that is the time you speak of. Now, after the 19th of June, or after Canada, perhaps I had better put it that way, how often did you meet General Hughes in New York?—A. I don't know that I saw General Hughes in New York after that, except on one occasion when he was passing through to Europe.

Q. Putting it generally, at any time how often did you see General Hughes in New York?—A. It just depends upon how many times General Hughes was in New York, and how many times I was in Ottawa. I cannot tell you.

Q. Keep away from Ottawa, and take New York; how often?—A. I don't believe I saw General Hughes more than once after the 19th of June, or possibly twice. I never saw him except when he was there passing through on business.

Q. How would you get in touch with General Hughes in New York?—A. As a rule, I would telephone. I would know he was coming. If I knew he was coming, I would call to see him.

Q. But how did you know he was coming to New York; by what means would you know that?—A. I presume it was generally through Allison. I don't remember. I presume Allison would tell me.

Q. There is no other way that suggests itself to your mind at the present moment?—A. No, sir.

Q. Excepting through Allison?—A. No.

Q. Did you meet in Allison's room at the Manhattan Hotel, when you saw General Hughes there?—A. General Hughes always had his own apartments, and my meetings calling on General Hughes were usually at his own apartments, his own rooms.

Q. Did you ever meet him at Allison's room at the Manhattan Hotel?—A. Yes.

Q. How often?—A. I don't know that I ever met him there but once. I cannot specifically state in those visits whether it was in Allison's room. It was generally in General Hughes'.

Sir WILLIAM MEREDITH: Are you speaking now generally, or after the 19th of June?

Mr. JOHNSTON: Whenever he met him in New York. I am speaking in general. I am distinguishing between the New York meetings and the Canadian meetings.

WITNESS: Yes.

Q. Coming to a period up to this year, take for instance the time these contracts were pending and say both before and after if necessary, I am asking you how often if you can recall did you meet General Hughes, first in his own rooms in New York?—A. I cannot.

Q. How often in the second place can you recall meeting him in Allison's room?—A. I cannot tell.

Q. Can you tell me altogether about how often you met him in New York?—A. Probably two or three times, I have told you. I cannot tell.

Q. I may take it that you came to meet him by getting some word or message or something else that General Hughes was in the city, from Allison—you had no other means?—A. Yes. That would probably be generally correct.

Q. Do you remember about the end of April meeting General Hughes in New York?—A. No, I don't remember anything like that.

Q. Do you remember when the proposal was made for the three million fuses and the two and a half million fuses; do you remember about that time?—A. That was in May, wasn't it?

Q. Yes, about the 21st of May.

Mr. HELLMUTH: The 21st and the 25th of May.

WITNESS: I have heard it discussed here.

Mr. JOHNSTON: Does that fix any time in your mind approximately or relatively?—A. It does not.

Sir WILLIAM MEREDITH: The interviews in New York were not on the 21st of May, they were the first week in May.

Mr. JOHNSTON: I am only fixing it in his mind, as to whether he can recall before when he had met General Hughes in New York.

Q. Do you understand what I mean?—A. Yes.

Q. Having regard to the time the fuse contract was entered into or proposed, some time in May, about the 20th or the 21st, do you remember whether it would be before that that you met General Hughes in New York?—A. I do not.

Q. You don't remember about the 30th of April—that was three weeks before?—A. I do not.

Q. I see by the evidence of I think Colonel Carnegie at page 62 of the printed report that he met you and Mr. Craven on the second of May at the Manhattan Hotel, also Colonel Allison. You remember that date?—A. I cannot remember meeting Colonel Carnegie with Mr. Craven.

Q. What is that?—A. I cannot remember specifically meeting Colonel Carnegie with Mr. Craven, although it is probably true. If Colonel Carnegie said so, I am sure it is so.

Q. I will read his evidence at page 62.

Mr. NESBITT: He does not say that. It is open to either construction. He speaks of meeting him, but does not say at the same time.

Mr. JOHNSTON: At page 62 of the printed report:—

Q. Then did you call next morning?—A. I did, sir.

Q. Where was he then?—A. At the Manhattan Hotel.

Q. Was this alone or with any one?—A. I called—

Q. Did General Bertram accompany you?—A. No. I was alone, sir. I called and was introduced by Colonel Allison to a Mr. Yoakum and a Mr. Craven.

My learned friend is a little exacting this morning.

Q. Now, when you met these gentlemen, Mr. Yoakum and Mr. Craven, what took place, what was the conversation in regard to it? I do not want the time of day; we will pass all that?—A. I asked Mr. Yoakum and Mr. Craven if they knew anything about fuses.

Q. All the same meeting, apparently; you remember that?—A. No, I don't remember that.

Q. I continue:—

Q. What did they say?—A. They said no. Well, I said, can you introduce me to the men that do? They said yes, they would. I informed them that I had previously made an engagement to go to the Waterbury Works.

Q. Do you remember anything about that?—A. I don't remember that.

Q. Do you remember being at the meeting at all?—A. I don't remember any meeting or conference of that kind I was at with Mr. Craven and Colonel Carnegie, but I assume it is entirely correct or he would not have said so.

Q. And Allison apparently was there too. Does that recall anything to your mind?—A. It does not.

[Benjamin F. Yoakum.]

Sir WILLIAM MEREDITH: Ask him if he remembers Craven not being there?

Mr. JOHNSTON: Do you recollect that Allison and Yoakum met Colonel Carnegie, without regard to Craven?—A. I met Colonel Carnegie through Allison, but I don't remember whether that was the occasion or not.

Q. It is said that that would be early in May. The reason I am asking you is, that that would be your first meeting with Colonel Carnegie?—A. That is what Colonel Carnegie says, and I have no doubt that it is.

Q. Can you recall meeting General Hughes a few days before that?—A. No, I cannot.

Q. You may or may not have met him; you cannot tell?—A. I don't remember meeting him.

Q. And when you don't remember meeting him, you have no memory of it?—A. I don't remember whether I did or not, therefore I have no memory upon it.

Q. Then my learned friend goes on with Colonel Carnegie. See if this calls anything to your memory. There was a conversation with an officer that was talked about.

At the foot of page 63:—

Q. Was that an officer who is concerned with the American Government?—A. With the International Arms and Fuse Company.

Q. With the International Arms and Fuse Company now?—A. Yes.

Q. What is his name?—A. Colonel Birnie.

Q. Then we get to Tuesday morning, do we not?—A. Yes.

Q. The 4th?—A. Yes.

Q. And is that the morning you were to meet Mr. Yoakum, Mr. Craven and Colonel Allison?—A. No, Mr. Yoakum, Mr. Craven and the manufacturers. Do you recollect anything about that appointment?—A. The first meeting with the manufacturers was after, as I remember it, and it is in keeping with Mr. Cadwell's remembrance, was about around those dates you have given at the Belmont Hotel when he and I and Mr Bassick met, and later, either that day or next day, met Colonel Carnegie and Mr. Bertram; I do not remember the meeting as you have called it there.

Q. I will read you what the Colonel says, just a line about the meeting, and see if this recalls anything:—

Q. Then we get to Tuesday morning, do we not?—A. Yes.

Q. The 4th?—A. Yes.

Q. And is that the morning you were to meet Mr. Yoakum, Mr. Craven and Colonel Allison?—A. No, Mr. Yoakum, Mr. Craven and the manufacturers.

Q. Well, did you meet them?—A. I met them at 10 o'clock, Mr. Yoakum, Mr. Craven and Mr. Bassick.

Do you recollect that?—A. I do not remember myself, and I do not remember the meeting of Bassick and Craven with Colonel Carnegie and myself, although that probably undoubtedly from what he says is right, he is pretty careful on that; my first meeting that I can remember, which as I said has already been stated, was with Bassick and Cadwell and Carnegie.

Q. How did you come to meet Bassick and Cadwell?—A. I met them at different times, that is I met Mr. Bassick first before meeting Mr. Cadwell, I met Mr. Cadwell through Mr. Bassick.

Q. I understood from your evidence the other day that you did not know Bassick or Cadwell personally until you met on this matter?—A. That is what I stated.

Q. Who introduced you and Bassick or Cadwell?—A. Mr. Craven is of the impression that he introduced me to Mr. Bassick, but Mr. Craven had seen myself and had seen Mr. Bassick and had seen Mr. Cadwell, as has been testified to here, and I was under the impression, while not knowing Bassick personally I knew of him as well as Cadwell, that I called in myself, but the impression of Mr. Craven is that he around, Mr. Bassick, however, did arrange for the meeting as has been testified,

for a meeting between him, myself and Mr. Cadwell prior to the time that we had the talk with Colonel Carnegie and General Bertram.

Mr. HENDERSON: That was not till the 14th.

Mr. JOHNSTON: I will come to that.

Q. How did Craven come to be introduced into this group?—A. I do not know about the group; Colonel Allison told me he had mentioned this fuse matter to Mr. Craven, Mr. Craven called to see me—

Q. Did you know Mr. Craven?—A. I might have met him, but that was really the time that I can remember the acquaintance, but you know you cannot always, I might have met him before, and he probably might forget meeting me and I forget meeting him because there was nothing to particularly call our attention to fix the time.

Q. I come to the 14th May, or rather the counsel examining Mr. Carnegie came to that, and I see this; see if this recalls anything to your mind, or is your mind a blank as to this, because this seems to be important; page 65:—

“Q. So when you go down on the 14th—and I will get those minutes of the Shell Committee; I thought perhaps I would put them in when Col. Bertram was called; I do not suppose it matters—you had made your report, General Bertram goes down with you and now what manufacturers did you meet on that morning?—A. We were introduced by Mr. Bassick first of all to Mr. Cadwell.

Sir WILLIAM MEREDITH: Whom did they meet with Bassick, any one?

“Mr. HELLMUTH: Who was with Bassick?—A. There was Mr. Yoakum, Col. Allison was there. It was at the Manhattan hotel. Col. Allison, Mr. Yoakum, Mr. Bassick, Mr. Cadwell and a Mr. Gladeck, and other manufacturing men whose names I have not got. They are recorded, but I forget them for the moment.”

Do you remember that meeting?—A. When was that?

Q. 14th May?—A. Yes, I remember a meeting in which Col. Carnegie discussed, he and General Bertram, and examined the experts, as it were, on fuse making; I do not remember the dates, however; that is all leading up to the same occasion.

Q. You remember the occasion although you cannot give the dates; apparently it is fixed by a particular man on May 14th?—A. It is fixed there no doubt correctly.

Q. I have no doubt of that; at that time do you recollect whether anything definite was arrived at, that was 14th May?—A. No, I do not remember; I think it was general discussion on fuse making in which I did not take any part.

Q. Was there any discussion then on the subject of commission?—A. No.

Q. That was understood one way or the other as you have explained as an ordinary business proposition, profits or commission, whichever it may turn out?—A. I did not say that; honestly I would like to give the fact; I did not say that.

Mr. HELLMUTH: I must object—

Sir WILLIAM MEREDITH: The witness is taking care of himself?—A. I did not say that, and I would like to kindly go along the same way.

Sir WILLIAM MEREDITH: You are perfectly at liberty to correct anything Mr. Johnston said.

Mr. JOHNSTON: Would the reporter please read the question? (Reporter reads the question.)

Mr. JOHNSTON: That was the question I put to you and I have not got an answer?—A. You let it out as a statement of fact.

Mr. HELLMUTH: It is extraordinary that there should be an attempt to catch anybody.

Sir WILLIAM MEREDITH: It is a habit counsel fall into of asking questions in the form of a statement without adding words of interrogation.

[Benjamin F. Yoakum.]

Mr. JOHNSTON: Perhaps the inflexion of the voice was not noticed. Perhaps the reporter would put the question inflecting the voice. (Reporter reads question.) Then I add, is that so?—A. No, sir.

Q. In what respect is it not correct?—A. Because it was not discussed.

Q. Understood?—A. No, sir; absolutely nothing referred to or thought of.

Q. You swear there was nothing in the matter of profits or commission thought of between you and Allison at that time, is that what you are swearing to?—A. I say this, answering this question, at this conference the question of commission or profits was not referred to or discussed.

Q. Was it understood so far as you are concerned?—A. There was no understanding until we reached the final understanding, which has been stated so often, the final understanding.

Q. When the final understanding was reached, who was the first man to talk about commission or profits?—A. You are getting now to the conference at the hotel here, I presume that was the first time.

Q. When or where or how was the question of commission first brought up and by whom?—A. In Ottawa, about the time as testified to by Mr. Cadwell, in June.

Q. That part of it, by whom?—A. By Mr. Cadwell, Mr. Bassick and myself.

Q. By whom was the matter of commission first brought up?—A. I think Mr. Bassick mentioned it first; Mr. Bassick—this understanding we had without a commitment beyond what Mr. Cadwell and myself had understood, Mr. Bassick, to be entirely fair, while he as a manufacturer had gone along in these negotiations he had never committed himself to taking any financial interest beyond probably as might be understood without an actual commitment. As I have testified before, Mr. Bassick said to me that he had other commitments; he is a large manufacturer himself, and he did not care to commit himself under this contract; when it was brought up by Mr. Bassick it was brought up on a commission basis.

Q. Are you reading from a paper?—A. Yes; I would like to put that in because that refers to this particular matter. (Hands paper to Mr. Johnston.)

Q. As long as it helps your memory I am not making any objection. This evidently is a matter after the thing is closed?—A. No, that was on the 5th June, it was written at the Chateau Laurier at the time, and Mr. Cadwell wrote that, and said that is what he would do.

Q. This is what it says:—

CHATEAU LAURIER, OTTAWA, CANADA,

June 5th, 1915.

“Mr. B. F. YOAKUM.

We hereby agree to a division of commissions on contract for 2,500,000 fuses as follows:—

Total commission . . . . .	\$1,000,000
E. B. Cadwell & Co., Inc. . . . .	\$250,000
Yoakum and Bassick . . . . .	750,000
	<hr/>
	\$1,000,000

E. B. CADWELL & Co., INC.

By E. B. CADWELL, *President.*”

Then at the side it says:—

“\$475,000 of the above belongs to B. F. Yoakum.”

WITNESS: That was only a memorandum.

Q. Is that your writing?—A. That is my memorandum.

Q. The rest of the document is written in whose handwriting?—A. That is written by Mr. Cadwell.

Q. All but the memorandum at the left hand corner at the bottom?—A. Yes.

Mr. HELLMUTH: That had better go in?—A. I want to keep that

Sir WILLIAM MEREDITH: Put a copy in.—A. Yes.

Mr. JOHNSTON: The body of the document is in Cadwell's handwriting, and this "\$475,000 of the above belongs to B. F. Yoakum" is in your handwriting?—A. Yes, that is a memorandum for myself.

Sir WILLIAM MEREDITH: Apparently it is 25 per cent to Cadwell & Co., and 75 per cent without division between those two, Yoakum & Bassick?—A. That I think just establishes the agreement.

Mr. JOHNSTON: May I come back to the question which has not been answered, who was the first man to mention commission, and what did he say as far as you can recollect?—A. Mr. Bassick said that he would prefer to have this matter settled on some other basis, that is outside of the manufacturing, without going into it himself. Mr. Cadwell, starting this organization, I mean this company in connection with his other organizations for fuse making and loading purposes had no doubt and has taken other large contracts, and for that reason Mr. Cadwell wanted practically all the stock of this company for the reason which has developed, of course, since, by reason of the fact that he is taking on and doing a great deal of other business outside of this particular fuse under this same organization and in the same plants, he is loading for Great Britain and other countries outside of this fuse business.

Q. Those are good reasons?—A. Therefore Mr. Cadwell when it gets right down to the essence of it, Mr. Cadwell was willing, and undoubtedly glad to give this proportion of 30 cents, equal to 30 cents a fuse, to have in his own hands this organization which at that time so far as Bassick and myself were concerned was only considered or had in contemplation this one contract, but Mr. Cadwell in his explanation of his organization undoubtedly, and which he has carried into various other contracts and no doubt making profits—I hope so—out of other contracts in which if we had gone, as large stockholders we would be participating in something that Cadwell would feel better satisfied, and justly so, to have those profits accruing to his own people.

Q. Was Allison consulted in any of these matters?—A. Not at all.

Q. Eliminating the reasons or all the argument you have given the fact remains, does it not, that Bassick was the first man to talk about the commission?—A. Bassick was the first man—

Q. To bring it up?—A. Yes.

Q. And undoubtedly endeavouring to pursue a manufacturing course was satisfied that you and Bassick should have the commission that was agreed upon or was understood?—A. Yes, 30 cents.

Q. Tell me when Col. Allison came into this division who fixed that?—A. That was fixed of course by the understanding that if this resulted in an agreement it would come under the understanding between Allison and myself.

Q. But had Allison nothing to say about the quantum of commission?—A. Not a word

Q. He was not even asked?—A. No, sir.

Q. You just handed it to him, the half of what you thought proper to settle for?—A. That is what he was entitled to.

Q. And you say he got it?—A. No, he has not got it yet.

Q. He is getting it?—A. It is in prospect.

Q. It is in liquidation, if I may say, realization?—A. Dividends are being earned.

Q. There is a letter here which was referred to by Mr. Yoakum, of the 20th August, 1915, Exhibit 300: "Referring to your statement to me today that in the future all matters in connection with munitions of war handled by you would be for your own account"—was that statement or letter, or whatever it was, in writing?—A. I do not remember, I don't think it was.

[Benjamin F. Yoakum.]

Q. That was after, of course, you had arranged all matters in connection with the fuse contract commission?—A. What date is that?

Q. 20th August?—A. Yes, that is after.

Q. (Reading from Exhibit 300) "There is also an explosive proposition under consideration for the British through Canada. This matter has not been consummated, and will continue to be handled by me. If anything comes from it I will retain or make a division of such profits accruing therefrom as I may so desire." What did you mean by that exactly?—A. I meant just what it states, if I carried through, if there was anything got, and I desired to do it; I am under no obligation to do it.

Sir WILLIAM MEREDITH: That was the perchlorate contract?—A. Yes; and I am awfully sorry I cannot get all of my evidence in on that.

Mr. JOHNSTON: (Reading from Exhibit 300) "I understood from you from our last talk that you have some other contracts under way"—what other contracts did you know he had under way at that time, I mean just the name of them, I do not care anything about the contracts?—A. Do you want me to go into those things or not?

Q. No, I do not?—A. Because I am not going to go into them unless you want it, and if you want it I am going to give it to you; I cannot give it but one way, and I will give it right. I just want you to say whether you want me to go into those proposed contracts.

Q. No, because I cannot go into them under the ruling of the Commission?—A. Then you should not ask them.

Q. I am not asking you to go into them?—A. I cannot give you but one answer; I cannot answer without telling you the facts.

Q. Was there any acknowledgment of this letter of yours to Colonel Allison?—A. I do not remember any; I do not know; I had better put it that way.

Q. Because the letter ended up with this: "Please acknowledge receipt and say if this covers your understanding of our talk today"?—A. I presume it did, but I have not got it. Let me see that letter. (Hands Exhibit 300 to witness.) I guess not.

Q. I think you said yesterday, but there seems to be some little doubt about it, and I am desired to ask you this question; do you know the various contracts or proposed contracts that are referred to or mentioned in that Lignanti document that was put in yesterday; you know about them I mean?—A. I knew about I think all of them.

Q. I do not want to know about all of them, but I do want to know this to make it quite clear; are there more than two contracts realized on mentioned in that agreement?—A. There is only one.

Q. The Edward Valve?—A. There is nothing realized on that.

Q. But it is in process of realization?—A. If they deliver it will be.

Q. None of the other contracts mentioned there, except in the fuse contract and the Edward Valve, resulted in anything?—A. No, sir.

Sir WILLIAM MEREDITH: He said that yesterday.

Mr. JOHNSTON: I thought so, but I was asked to ask it.

WITNESS: They are only prospective.

*By Mr. Nesbitt:*

Q. Only a question or two on behalf of the Shell Committee. Your dealings, as I understand you, just tell me whether I am correct or not, were entirely with them in the making of the contract?—A. Yes.

Q. So far as you know was there anything in any way influencing them other than the most careful business considerations?—A. Absolutely not. I never dealt with men in my life who seemed in every way to have the interests they represented more at heart and doing the best they could under the circumstances. It was a new business, there was a lot to be learned; every manufacturer in the country was ignor-

ant, which has proven to be the fact, of the manufacture of war munitions, it was never engaged in in this country before, and it was all new, and had to be learned by them before they could reach the point of efficiency that they are reaching today, and there were so many things involved at that time that you can always go back and see things that look different to what they really are as it stands today.

Q. This further: Much has been made here of the fact that this contract went at that time to American manufacturers; have you any observations to make on that subject as to anything that occurred with you and the Shell Committee or in reference to that?—A. Well, I don't know further than my general observations; I do not know whether they would be interesting or not. I will say this, if it is in keeping with your question; it was the desire and it was the discussion of the Shell Committee and all parties interested in the manufacture of these fuses to have them manufactured in Canada.

Q. Why was not that done?—A. I was going to say—

Q. You could have got the buildings here and I suppose you could have got the machinery in here, you could have brought it here?—A. That looks now after 18 months or nearly two years of experience which has been expensive to a great many people, as true, but it was not true at that time. I tried very hard, that is I was very much in favour, and I have always been in favour of Canada's participation in the execution of all the work that could be done here with the same promptness and at the same figures; when we reached and got around to where we kind of knew what we were talking about in connection with this business both the manufacturers all over there, manufacturing plants in the United States, they realized it was impossible for them to undertake such large contracts of such difficult manufacture in Canada where such organizations as they have in the United States and were then building up did not exist. I will say, however, that situation has materially changed in this regard, and I think very favourably towards Canada; all of this experience and all of this hard luck, and all of the employment and securing technical knowledge required in this kind of work has to a great extent been overcome, and it is and would be much easier now with the experience that we have and the experience that the manufacturers have to bring industries of this kind to Canada than it was at that time; in fact it was impossible when you got right down to the practical working out of these large contracts, it was impossible at that time to undertake these contracts away from the large organizations and manufacturing institutions that were necessary to carry them out.

Q. It has been said or suggested that your object solely here was a matter of earning commissions: tell us what you have to say about that?—A. That is the result, but not the intention. I am really more of a builder, that is my business, to get right down to it, and I have never been a commission man; I do not remember of any commission until this war business came up; that is my relations to commissions. On the other hand I have been a very large commission payer; I have paid out many millions of dollars as commissions through my own efforts in up-building, and I have been a very strong believer, and I am yet of that opinion, I may be wrong, but I do not think I am, that opportunities now offer in up-building Canada which will probably not come to a nation in a hundred years on account of the conditions that have been created through this great war.

Q. Had you, at the time these charges were made and your name dragged before the public here, in contemplation at that time any such desire?—A. Yes, I had a contract, I was working on a contract for the establishing of manufacturing industrially and adding to it some munitions of war for the purpose of helping it out at this time, and had discussed, taken the matter up with certain interests very strong financially, and they had left the matter for me to pursue. In pursuance of that arrangement we had reached an understanding, in fact it was almost up to a contract, for the purchase of a manufacturing industry, existing industry, in Canada, with a

[Benjamin F. Yoakum.]



view of extending it. This matter coming out unfortunately, I mean coming out at that time, it was discontinued, that is it was postponed, as it were; I do not know but what it will be revived, if the industry can be carried out. I believe there is no country in the world that has the great advantages and future prospects, and advantages in the development of its agricultural wealth, which after all is the foundation of all wealth, and its industrial upbuilding, as the Dominion of Canada, in view of its vast undeveloped resources. That is only my personal view, and my reason for talking about these things.

Q. That is not what I desired to initiate; have you found in your endeavouring to arrange for this a change of sentiment on the question of the employment of labour owing to certain difficulties in the United States?—A. How is that?

Q. Do you find in your endeavour to arrange this a change in the sentiment as to the desirability of location in Canada as compared with the United States owing to troubles over there of an alien character?—A. There is no doubt, Mr. Nesbitt, about one thing, and that is if complications should ever arise, which is uncertain as yet between our Government and other governments, the allied interest would be shut off very largely from American or United States supplies; that goes without saying, and for that reason if the money, and if the facilities and if the business men, and if the Canadians can establish here all of these industries, which they ought to have, they are entitled to them if they can do the work—

Mr. HELLMUTH: I think we are getting entirely beyond the scope of this Commission.

Mr. NESBITT: Mr. Yoakum is not responsive to my questions, but I think a little patriotic stirring up will do us all good.

Mr. HELLMUTH: Only that this is beyond the scope of the inquiry.

Mr. JOHNSTON: We are a little afraid you will be diverging to the Presidential campaign before you are through?—A. No, I am not in politics, but I do believe in the sense of protection for the future that Canada ought to be developed in that line as fast as possible, if that answers your question.

Mr. NESBITT: Let me put it—

Hon. Mr. DUFF: Really, Mr. Nesbitt, don't you think we have had enough of this?

Mr. NESBITT: One more question; has there been great difficulty in the United States through German intrigue in the way of labor?—A. Oh yes.

Sir WILLIAM MEREDITH: That is during the period of these contracts, confine it to during the period of these contracts, affecting the execution of these contracts?—A. Just knock that out and let us have the question over again, because I did not answer.

Mr. NESBITT: During the period of these contracts have munition makers experienced difficulties through German interference in the United States that so far as you know would not have been experienced in Canada?—A. I would rather answer that by saying enemies of the Allies; they have.

Q. I will substitute for German "enemies of the Allies"?—A. Yes.

*By Mr. Henderson:*

Q. You first came into touch with Colonel Allison in January or February, I do not want to fix you as to dates?—A. Yes.

Q. And from what you then know of him you thought it worth while to invest twenty or twenty-five thousand dollars in him?—A. Yes, sir.

Q. That is a fair way of putting it?—A. Yes, that is the sense of it.

Q. Have you any way of fixing the time that that bargain was made, because I think from some questions Mr. Johnston put to you it may become important, can you tell me when you made the first payment to Colonel Allison under that agreement you arrived at with him?—A. That was in March 1915.

Q. You are sure of that?—A. Yes, sir.

## SHELL CONTRACTS COMMISSION

Q. That agreement was understood, and you made the first payment I think of \$10,000.00 on it?—A. Yes.

Q. What I want to make very very clear indeed is this, at that time had you heard anything whatever about the fuse contracts that we have been concerned with?—A. No, I could not have, not by March 12th, no.

Q. I want to put the question that I think was being led up to you plainly; was the prospect of getting this fuse contract any part of the inducement to you to pay that \$20,000?—A. Absolutely no.

Q. Was it thought of at the time?—A. No, sir.

Q. That is quite clear. Then I can get along with the rest very quickly, I think. The agreement was some time before the first payment, the payment was not made on the date of the agreement as I understand?—A. The understanding was arrived at as I have tried to explain along in February I think it was.

Mr. NESBITT: Have you anything that fixes the date?

Mr. HENDERSON: Can you fix the date of the first payment?—A. I can fix the date of the first payment, but he asked me if the understanding was prior to my first payment; my first payment was March 12th.

Mr. NESBITT: How do you fix it?—A. I fix it by cheques.

Mr. HENDERSON: You have the cheques?—A. Yes. I guess I can always get them back; they are no good, (produces two cheques). There is a letter with it (producing letter).

Mr. HENDERSON: Mr. Yoakum hands me two cheques, one dated 12th March, 1915, and the other 5th May, 1915, each for ten thousand dollars. I put those in. And he hands me a letter dated May 6th, 1915, from Mr. Allison to Mr. Yoakum.

Sir WILLIAM MEREDITH: File them together as one exhibit. (The two cheques, with letter attached were filed together as Exhibit 303, as follows:)

"No. 59.

NEW YORK, March 12, 1915.

BANKERS' TRUST COMPANY.

Payable through the New York Clearing House.

Pay to the order of J. Wesley Allison ..... Ten Thousand and 00/100 dollars.

B. F. YOAKUM."

(Part of Exhibit 303.)

Endorsers on above: "J. Wesley Allison;" "Pay to J. E. Hammond, Hawk & Wetherbee. W. E. Kritchling (?), Asst. Treas. James (?) Wetherbee, Treas. J. E. Hammond." Bank payment stamp.

"No. 157.

NEW YORK, May 5, 1915.

BANKERS' TRUST COMPANY.

Payable through the New York Clearing House.

Pay to the order of J. Wesley Allison ..... Ten Thousand Dollars.

B. F. YOAKUM."

Endorsers on above: "J. Wesley Allison;" "Pay to J. E. Hammond, Hawk & Wetherbee." "P. B. Boden, Managing Director." "W. E. Kritchling, Asst. Treas." "J. E. Hammond." Bank payment stamp.

(Part of Exhibit 303.)

[Benjamin F. Yoakum.]

HOTEL MANHATTAN.

HAWK &amp; WETHERBEE.

May 6, 1915.

Mr. B. F. Yoakum,  
No. 71 Broadway,  
New York City.

MY DEAR MR. YOAKUM,—I have your esteemed favour of the 5th inst., enclosing check for \$10,000, as the second payment on account of our agreement of February last, *re* your interest in the Allison Supply Company, leaving a balance due of \$5,000.

I do not want to have our arrangements changed in any way. We have an understanding which will not be departed from under any condition, regarding the British-American Trading Corporation. I think you will find that all business that you have with me, will be carried out in accordance with our agreement.

If it is convenient for you to do so, you can send me the balance of \$5,000, at any time and this will close the matter up.

Yours very truly,

J. WESLEY ALLISON.

(Part of Exhibit 303.)

(The above letter with two cheques attached marked together and filed as Exhibit 303).

Mr. HENDERSON: (Reads first paragraph of letter May 6, part of Exhibit 303.). Would that be right then that the agreement was in February?—A. That is what it says, I know it was about that time.

Q. (Reading second paragraph of letter, part of Exhibit 303). That would indicate that this is the time you gave up the idea of using the corporation, is that right?—A. Along about that time; it is all one of those things that goes together, and you cannot pick out pieces and tell what one did and another did, except the result.

Q. "If it is convenient for you to do so, you can send me the balance of \$5,000 at any time, and this will close the matter up." (Part of Exhibit 303, letter). I understood you never have paid that \$5,000?—A. I think that has been probably consumed in expenses and things.

Q. You think it has been consumed in expenses?—A. I guess so; I am good for it.

Q. Having made your agreement of February, I understood the first thing you took up is the ammunition problem which you talked about?—A. You are talking about Canada now?

Q. Yes?—A. There were other things.

Q. You had some other business together?—A. In other foreign countries, I do not know whether you are now confining your question to Canada or not.

Q. The first thing you took up in Canada was what?—A. The cartridge.

Q. We may say generally there was other business with which Canada has nothing to do, and with which this Commission is not concerned in any way?—A. Very large prospective business.

Hon. Mr. DUFF: May I ask was the contemplated cartridge business within this arrangement?—A. It was not unless it was a commission; if a commission resulted it would have been.

Q. It was subsequent to the arrangement, and if there had been a commission?—A. Yes, sir, it would have been.

Q. And if there had been an investment?—A. It would have been just what each man put up, just like a person takes stock, in participation.

Mr. HENDERSON: Nothing came of that cartridge question?—A. Nothing doing.

Q. Except that incidentally you made the acquaintance of General Bertram and General Hughes?—A. Yes. I met them.

Q. And beyond the fact that you learned from them that there was no real business prospect for you in the cartridge matter was your acquaintance with them anything other than merely social?—A. With whom?

Q. With General Bertram and General Hughes?—A. That is true as to General Hughes; I had business relations with General Bertram after the fuse contract.

Q. Afterwards, but I am talking of at the time you were in connection with the cartridge matter?—A. No.

Hon. Mr. DUFF: When did your visits in connection with the cartridge matter cease?—A. I did not make but one, and that was some time in March, because there was no contract let, and I was not interested.

Q. When did your interest in it disappear?—A. It just dropped.

Q. It dropped as a result of that visit?—A. Yes.

Mr. HENDERSON: You made up your mind here in Ottawa that there was no real prospect?—A. I was told there was no contract to be let, and there was no use pursuing it.

Q. You did nothing further?—A. No.

Q. You could not get any closer than saying some time in March?—A. No, I cannot fix the date.

Sir WILLIAM MEREDITH: The register of the Chateau Laurier will probably show when he was here.

Mr. HENDERSON: I will have that looked up; I did not think anything turned on it really.

Q. Well, during the month of April some time you learned from Colonel Allison about this prospective fuse contract?—A. Yes, sir.

Q. Am I right in understanding that during the course of that month you on your own part had formed some idea of what fuses could be made for?—A. Yes, I went into it after that interview.

Q. And you did not get into touch with Mr. Cadwell or Mr. Bassick until later on when Col. Carnegie came to New York?—A. I think that is true.

Q. That is true. And did you convey to Col. Allison your ideas as to what fuses could be made for? You see, you have told us that you had a price of \$4.90 in your mind to work against.—A. I didn't, for the reason that I did not know myself.

Q. I am talking now as the matter went during April.—A. I had reached a point where the fuses could be at that time manufactured at \$4.25 to \$4.50. \$4.25 was first mentioned; \$4.50 was finally determined on for time fuses and \$4 for graze fuses.

Q. Before you got into touch with Mr. Cadwell and Mr. Bassick at all am I to understand that you had made up your mind that you could get under \$4.90?—A. Yes, sir.

Q. Had you not told Col. Allison that?—A. I don't remember, I guess I did.

Q. Probably you did.—A. Only in discussing prices, but if I did I could not be definite, because the manufacturer had to determine that.

Q. It was merely tentative. You had made up your mind to that effect?—A. Probably I did.

Q. And it proved to be correct afterwards?—A. The contract shows it did, but I cannot remember any specific statement that I made in connection with it.

Q. I don't want to go into details. I just want a bare skeleton of the situation. Col. Allison introduced you to Col. Carnegie?—A. That is the way.

Q. And according to Col. Carnegie, subsequently to General Bertram. Now, after that introduction had been effected after your first preliminary meeting with General Bertram and Col. Carnegie, did Col. Allison take any part of any kind in the fuse negotiations until after you closed your bargain and signed your contract?—A. After I took hold of that matter I handled the negotiations myself.

[Benjamin F. Yoakum.]

Q. Did Col. Allison before you at all?—A. I don't say it was before; he had nothing to do with it.

Q. Did you discuss prices with him or anything of that kind?—A. No, I don't remember that I ever did.

Q. He stepped to one side. Was the question of commission ever discussed?—A. No, sir, never was.

Q. Or so far as you know, ever thought of by either one of you at that time?—A. I do not know whether it was or not, it wasn't by me.

Q. And it was not until after the 19th of June, that you told Col. Allison that this commission was coming to him?—A. It was after the contract was closed.

Q. That was the 19th of June?—A. Yes, sir.

Q. Sometime after. All the rest of your getting the orders and that sort of thing I do not want to go into. Just a word about the Edward Valve.

Hon. Mr. DUFF: Before you leave that Mr. Henderson, the only point is this: You might ask him with regard to the time when as a result of his investigations on the subject of price he came to a conclusion as to the price for which these things could be sold. What was the date on which he discussed the subject with Col. Allison?

Mr. HENDERSON: It is rather hard to get dates from Mr. Yoakum, but I will proceed backwards if I may.

Q. We are told that your first meeting with Col. Carnegie was on the 2nd of May.—A. Yes.

Q. I think you will be willing to accept that?—A. Oh yes, it is stated there.

Q. Very well then, the 26th of April is only a few days before that. Am I right in assuming that you had told Colonel Allison before that date that you could go lower than \$4.90?—A. When I started out I was given the impression, I don't know how I got it—

Hon. Mr. DUFF: You say when you started out. Can you fix that?—A. Only as I have stated, about the time Colonel Allison first mentioned to me, who mentioned it as I have stated to Mr. Craven. That would lead up I suppose to some time in April and the price then as I got it was \$4.90.

Q. I am referring to the date. Is that as near as you can come to it?—A. That is as near as I can specifically state it.

Mr. HENDERSON: Can't we work back from the 2nd of May. Would you say that it was 2 or 3 weeks before you met Colonel Carnegie?—A. It would naturally be some time in April, but whether 2 or 3 weeks—I should say that it would not be very far wrong going backwards.

Q. You can do that. It would be 2 or 3 weeks before you met Colonel Carnegie, wouldn't it?—A. Yes, sir.

Hon. Mr. DUFF: Then, how long did your investigations take?—A. We were really investigating and discussing this right along, probably working and discussing prices for two or three weeks.

Q. How long after that do you think it was that you came to a definite conclusion that you could do the thing for \$4.50?—A. Not very far in advance. I can't fix the time that the \$4.50 figure was arrived at, for the reason that Mr. Bassick himself was figuring all the time upon this and was figuring to get it as low as he could, \$4.50 or lower, and finally arrived at \$4.25.

Q. Were you investigating prices before the second?—A. Yes, Mr. Bassick and Mr. Cadwell—

Q. No, no. I want to get you to a period prior to the 2nd of May. Were you investigating prices with Mr. Bassick before the 2nd of May?—A. Yes, sir, during April.

Q. So that you and Colonel Allison and Mr. Bassick were all investigating prices during that time?—A. I was investigating, but what I did I don't remember, but probably the chances are that I said we would be able to get down to \$4.50.

Q. That would be about how long after?—A. Probably two or three weeks.

Q. You started two or three weeks before the 2nd of May, and about two or three weeks after you started you came to the conclusion that \$4.50 would be the price?—A. We were looking into prices and facilities prior to the 2nd of May. It takes a world of engineers and people from all over the country.

Q. At this time were you investigating the question of graze fuses or was it entirely time fuses that you were considering?—A. The talk was all time fuses as I remember it, and what they call the 80/44. That was a question of very great discussion. It was on the time fuse we were then figuring.

Mr. HENDERSON: The only other question I wanted to ask was in connection with the Edward Valve contract and the fixing of the price at \$2.43. Call your mind back to what happened at that time.

Sir WILLIAM MEREDITH: Has not that all been gone over. As I understood it the first price was 4 cents less, based upon their getting the advances.

Mr. HENDERSON: I was just going to ask one question.

Q. Do you remember your evidence on that yesterday?—A. Yes, I think I stated all I know about it yesterday.

Q. When you gave your evidence yesterday had you read Colonel Carnegie's evidence?—A. I only read some extracts from the New York papers and the papers I saw. I did not read his testimony as given in full.

Q. Do you know now what his explanation was?—A. No, I am not familiar with it.

Q. So you gave your evidence without having your mind refreshed?—A. I gave my evidence from what I remembered.

Hon. Mr. DUFF: You said that during your discussion with the Shell Committee they pressed the condition of manufacture in Canada—that is broadly speaking?—A. They wanted that, yes.

Q. At what stage of the negotiations was that?—A. As I remember it that was in the early stage, because as we went along we found it was not possible.

Q. At about what stage do you think it emerged as a common conclusion among you that that was not practical?—A. I can not say just when it was, but it was during the month of April I am sure. And up to this May conference—I know by that time it was pretty well decided, Judge, that it was impractical to get the organization here to do it.

Q. So, I suppose, in point of fact that you never discussed the question of the manufacture of the graze fuses in Canada?—A. Oh, our discussion I am sure was on the other, so we could not have discussed the graze fuse. The graze fuse is simpler now.

Sir WILLIAM MEREDITH: The reporter wants to know the names of the endorsers of those cheques. (Exhibit No. 303).

The WITNESS: I don't know, that was not my part of it.

Mr. HELLMUTH: Hawk and Weatherbee are the hotel people.

Sir WILLIAM MEREDITH: After that is what looks like W. E. Krichting and J. E. Hammond.

The WITNESS: You can keep those as long as you need them.

Sir WILLIAM MEREDITH: What effect has the failure of the contracting company to carry out its contract upon your right to commission?—A. Well, I believe according to the document that I am not responsible for that.

Q. What does that mean?—A. I think they are liable. I do not know, that is a legal question. I hope not.

Q. I suppose on the ground that you are not a party to the modification of the agreement?—A. I hope not. We will have to get a decision.

Q. How were the figures of four cents as the commission on the Edward Valve contract arrived at?—A. You mean how was it arrived at.

[Benjamin F. Yoakum.]

Q. Yes. How did you come to fix four cents?—A. Because I said I would do it for that. I do not know that there is any particular method, it was just one of those things that probably would be fixed arbitrarily you might say, Judge. I don't think there was any method.

Q. Have you had much to do with, or do you know about transactions with regard to munitions in the United States?—A. I am in a general way familiar with transactions.

Q. What was the transaction you entered into?—A. What do you say?

Q. Was the transaction you entered into for the payment of commission in the usual course or out of the usual course?—A. I think those things are handled in pretty near every kind of way. The commissions, if fixed, are generally fixed by trade. I do not think there is any fixed commission.

Q. Have you any idea how the munitions contracted for through the Morgans are carried out?—A. What I do know about that I don't think—unless you insist—I don't know what commission they get.

Q. I don't mean that, the Morgans— A. I am not familiar with it.

Mr. HELLMUTH: There are some of these files that I want to put in now. There is a letter of May 29 from the Russell Motor Car Company with an answer.

Mr. GRANT: To whom?

Mr. HELLMUTH: To the Shell Committee. This letter and the answer will go in as one exhibit. The only reason for putting in the letter is that the answer refers to the letter first and then goes on, and I thought it better that I should put it in. The letter is about brass cartridge cases, and does not say anything about fuses, so I will not bother reading it:—

*Re Brass Cartridge Cases.*

May 29, 1915.

"Shell Committee,

Ottawa, Ont.

DEAR SIRS,—“We have understood that you had had some difficulty in securing the number of Brass Casings required to keep up to the production on the projectiles.

“Some friends of ours in the United States with very considerable equipment for doing heavy press and drawing work have been anxious to enter into an arrangement with us, by which they would supply and install the necessary presses, lathes and furnaces for turning out a production of from 5,000 to 10,000 per day. They believe that they would be in position to commence the deliveries in three months, and that with their experience they would be able to guard against any considerable rejections.

“The intention was that our Company should co-operate with them here by providing buildings, part of the equipment etc., and having the work all done in Canada.

“We think we have the proper specification for the Brass Cartridge, but would be glad to have an exact copy so that we would be sure we were looking into the figures on the right article.

“If the matter has any interest to you we would be glad to go into the details with you personally and prepare a definite proposition for handling such a quantity as might be desired. We do not believe it would be practicable for our people to consider the installation of their machinery here unless we could count on a total production of about 1,000,000 casings. We would be prepared to act promptly with regard to this, and will look forward to hearing from you at an early date.

Yours very truly,

RUSSELL MOTOR CAR COMPANY, LIMITED.

T. A. Russell, *General Manager.*

The answer from the Shell Committee of June 8th, says:—

JUNE 8th, 1915.

"The Russell Motor Car Co., Limited,  
West Toronto, Ont.

DEAR SIRS,—“We are in receipt of your letter regarding the manufacture of brass cartridge cases, and would state that any person who will get into this brass cartridge case work quickly will be a great help to us. We have thought all along we had sufficient factories on this work. I would strongly advise you not to go in on a large scale until you are able to feel your way with regard to this work. It is most difficult, and requires a great deal of expert mechanical skill, and would suggest that before going into it you look into it thoroughly, and we feel sure that there will be sufficient quantities for all who are now in the business. We could allot you probably 200,000 cases to start with, and in all probability would increase this quantity.

“Re fuses; we still have under consideration the matter of starting a plant in Canada, and on General Hughes' return from the East I am going to take it up with him personally. In the meantime, as you know, we have allotted these contracts to American firms, who are in a strong position to do his work quickly. Mr. Carnegie has made a very thorough investigation of these companies, and feels satisfied that they will be able to undertake the work at once. When you entered on the project we had practically committed ourselves by promises to give this work to them if they could prove their ability, but notwithstanding this, we are going to manufacture fuses in Canada, and as soon as we get over our rush on these contracts will take it up.

“Trusting this will be of interest to you, we remain

(Marked as Exhibit No. 304.)

“Yours very truly,”

The date of that letter is June 8th. I have put in the letter of the Russell Motor Car Co. of May 19th as well although it does not touch fuses, because the letter of June 8th states that “We are in receipt of your letter”. The reference in the letter of June 8 was not brought about by the letter of May 29th from the Russell Motor Car Co.

Now, there was a letter put in of July 3rd from J. Wesley Allison to Colonel David Carnegie, and there was a reference to a copy of a letter that was handed to Colonel Allison the night before while he was with General Hughes, as it says. I have not been able to obtain a copy of that letter, but I have a copy now of the letter which was sent in reply to this letter of the third to Col. Allison, which was dictated by David Carnegie. I am putting in the original now that has already gone in as an exhibit with the answer. I might refer to the principal letter of the third of July.

“Confidential.

“Colonel David Carnegie,  
“Stephen Bldg., Ottawa, Ont., Canada.

July 3, 1915.

“Dear Colonel Carnegie,—

“Enclosed find copy of a letter that was handed to me last night, while I was with General Hughes. It shows about the condition of the market here on raw material, and the manufacturers do not know where they are at. They have promised, however, to give me a definite answer on Tuesday, as to whether they will conclude the contract for 300,000 Brass Cases.

“Are you in the market for any Gaines? The factory capacity is pretty well taken up and if you need any Mr. Yoakum and I can place them for you right away

Your very truly,

“J. WESLEY ALLISON.”

[Benjamin F. Yoakum.]



"July 13, 1915.

"Colonel J. W. Allison,  
"Manhattan Hotel, New York City.

"Dear Colonel Allison,—

"Your letter addressed to me of the 3rd Ins. was waiting my return from New York.

"Regarding the supply of gages for fuses, we find that we can obtain all we require in Canada.

"Thanking you for your kind interest in the matter, I remain.

"Yours very truly,"

(Marked as Exhibit No. 305.)

The answer was written on the 13th. I have not been able to find the letter which spoke in reference to raw material.

Now, this is a file of correspondence with the Monarch Brass. It is proper to say that the correspondence is long after the date of the fuse contracts, in fact it is six months after, because the first letter of that correspondence is addressed to Mr. Flavelle on December 24, 1915. There has been a request during the course of this investigation for any correspondence that had taken place with the Monarch Company and this is the only correspondence that we can find. There is none with the Shell Committee, and I ask specially for any correspondence with the Monarch Brass. If the Commissioners think it should go in, I will put it in.

Mr. NESBITT: What is the date?

Mr. HELLMUTH: The first letter is to Mr. Flavelle from Mr. Starr of the firm of Masten, Starr and Spence. And the answer is from Mr. Flavelle. Mr. Sherlock is also referred to.

Mr. EWART: It is quite immaterial and will only give rise to further questions.

Sir WILLIAM MEREDITH: Some one asked for this correspondence.

Mr. HELLMUTH: Mr. Johnston or Mr. Grant said that there was correspondence with the Monarch Brass, and asked me to have it produced.

Mr. EWART: If it had any bearings it might go in.

Mr. HELLMUTH: I do not think it has any bearing.

Mr. JOHNSTON: Show it to Mr. Grant.

Sir WILLIAM MEREDITH: Is there not a suggestion somewhere in the record that there was correspondence with the Monarch Company before these contracts were completed?

Mr. HELLMUTH: Yes, and we can find nothing.

It is only fair that I should make this explanation. The next matter stands in exactly the same position, it is the Singer Manufacturing Company. We have heard many questions asked if there were not correspondence and dealings with the Singer Manufacturing Company. The first letter in regard to that is dated December 16, 1915, and is written to the Imperial Munitions Board. I cannot see that it has any bearing.

Hon. Mr. DUFF: Who asked for that? What was the suggestion?

Mr. HELLMUTH: The suggestion was that we had received offers from the Monarch people and the Singer people, and as I understood it that we had not accepted them.

Sir WILLIAM MEREDITH: Are you losing your bearing? I thought you were not the Shell Committee?

Hon. Mr. DUFF: He is thinking of Mr. Stewart.

Mr. HELLMUTH: Mr. Stewart has dug up all this. I have asked the Shell Com-  
3493—65

mittee to furnish me with all papers, and Mr. Stewart has been good enough to hunt them up. I have asked Colonel Carnegie, and he said that he was not the man to hunt the files, that some one else would have to do it.

Sir WILLIAM MEREDITH: I suppose his time is too valuable.

Mr. HELLMUTH: If that is to go in, it will go in.

Sir WILLIAM MEREDITH: At present it looks as if it had nothing to do with it.

Mr. HELLMUTH: Mr. Stewart informs me—I do not recollect this at all—He informs me that these two telegrams from Lloyd Harris to the Shell Committee are in, but we have found—I should not say “We”—I quite recognize that I forgot that Mr. Stewart is “we”, not me.

Mr. JOHNSTON: “We” think it is proper.

Mr. HELLMUTH: I do not think you have any reason to think that I have not performed my duty.

Mr. EWART: You mean you and Mr. Johnston, I suppose.

Mr. JOHNSTON: I am speaking now as a member of your Committee—not the Shell—

Mr. HELLMUTH: All right. However, I would say that whenever I use the word “we” I use it in reference to Mr. Stewart and myself because we have been trying to find these documents.

Mr. Johnston desires to go to the telephone office. I will not call another witness until he comes back.

Sir WILLIAM MEREDITH: What about these documents? Do they go in?

Mr. HELLMUTH: No, sir, they do not go in.

Sir WILLIAM MEREDITH: Is it practically conceded that any communications with these two concerns were after the Munitions Board was formed?

Mr. HELLMUTH: That is shown clearly. It appears to have all been with the old Shell Committee.

Mr. GRANT: It does not affect the questions under discussion here at all.

Hon. Mr. DUFF: That is, the question of the signatures?

Mr. GRANT: Yes, sir, the signatures.

Mr. HELLMUTH: Messrs. Commissioners, has any conclusion been come to in regard to the reception of the letters, or any portion of them, so far as they passed between General Hughes and Mr. Flavelle, and as to Mr. Hichens too?

Mr. GRANT: And Mr. Thomas the agent?

Mr. HELLMUTH: Yes, and Mr. Thomas the agent.

Mr. CARVELL: My learned friend is confounding two sets of files.

Mr. HELLMUTH: No, I am not, I am just mentioning them.

Mr. CARVELL: There is one set of correspondence between Mr. Flavelle and General Hughes, and General Hughes and Mr. Hichens, copies of which Mr. Flavelle had sent to him by General Hughes. That is one file. Then there is another file between Mr. Thomas and I think the Shell Committee.

Hon. Mr. DUFF: Two separate files.

Mr. HELLMUTH: I handed in to the Commissioners all the letters between Mr. Thomas and the Shell Committee, and Mr. Hichens and the Shell Committee. But I did not hand, and I have never had the correspondence between General Hughes and Mr. Flavelle, nor the correspondence Mr. Flavelle mentioned as having been either handed to him or sent to him by General Hughes or Mr. Hichens or coming direct from Mr. Hichens. I have never seen that correspondence.

Mr. CARVELL: Mr. Flavelle I think stated he hadn't them.

Mr. HELLMUTH: Quite so. He hadn't them, and I did not have them; they were never handed to me.

[Benjamin F. Yoakum.]

Sir WILLIAM MEREDITH: We have not had an opportunity of sufficiently considering, indeed I have not had an opportunity myself, or I have not taken an opportunity of reading the correspondence. We will determine before General Hughes (if he is going into the witness box, as I suppose he will) is examined, what shall be done about that.

Mr. HELLMUTH: As I understand it, there might be some question as to some of these letters, at least possibly, on the examination of Allison, although I do not think, as far as I can recollect myself, that the letters even refer to or mention Allison in any shape or form. At least I am informed that they do not.

As I say, there are some I have never seen at all. The Hichens' letters, I should not think they would refer to Colonel Allison, but I don't know.

Hon. Mr. NESBITT: If you ask me, I don't think the letters have the least bearing on the matter in dispute.

Mr. HELLMUTH: It is a question for the Commissioners, of course. I have nothing to say about it. I have heard something about some of the correspondence.

Sir WILLIAM MEREDITH: Does that mean that you have not read this correspondence, Mr. Hellmuth?

Mr. HELLMUTH: I have never even seen the letters between Mr. Hichens and General Hughes. I have heard, but I have never seen the complete file of some of the letters that passed between General Hughes and Mr. Flavelle. I cannot say that I have seen them all. What I did see I do not think had any special bearing upon this particular contract. But there may be some that do. I don't know how that works out. I know the letters I have seen between Mr. Thomas and the Shell Committee are the only ones I have had completely before me. I think there are two that might possibly have a bearing.

Mr. CARVELL: I think I can speak for Mr. Johnston as well as for myself when I say that we have never seen either one or more of the letters that are in this file. But we have heard a great deal about them. I have seen what purports to be paraphrases of them. There is one letter I think of about the 24th of January written by Mr. Flavelle to General Hughes in which I am told that the question of the fuse contract is referred to very very pointedly and the commission upon that and the profits, and all that sort of thing. We therefore feel if that be the case we are entitled to have the benefit of them.

Mr. HELLMUTH: I have never seen the letter.

Mr. CARVELL: I have never seen it, either. I have not even seen what purports to be a copy of it. But I have seen what purports to be a paraphrasing of it, or a summary of it by a gentleman who claims to have seen the file.

Mr. NESBITT: Who is that?

Mr. CARVELL: While I am always anxious to give information to counsel, I don't think I will do so on this occasion.

Sir WILLIAM MEREDITH: Perhaps you had better occupy the time by calling Mr. Carvell to find out.

Mr. HELLMUTH: Perhaps some indication might be given before Colonel Allison's cross-examination is finished, which is not likely to be to-day.

Is there any chance of the Commissioners deciding by to-morrow morning?

Sir WILLIAM MEREDITH: I did not agree to work all night.

Mr. HELLMUTH: These telegrams are already in, but we were asked to search our files. There is a slight difference in the date. These are two telegrams, one from Lloyd Harris to the Shell Committee, and one from General Bertram to Lloyd Harris.

Sir WILLIAM MEREDITH: Of the 25th of May?

Mr. HELLMUTH: No, sir. One is dated May 12, 1915 and the other the 13th of May, 1915. In regard to the first telegram, that of the 12th of May, I think Mr. Harris said he thought that telegram was sent on the 11th. I only want to put these in.

Hon. Mr. DUFF: Are they about the \$4.50?

Mr. HELLMUTH: No. This is the telegram:—

WILMINGTON, DEL., 12th May, 1915.

"Shell Committee,  
Montreal.

"Your telegram received. Russell and myself investigating fuse question. Do you want to see one of us Montreal to-morrow, or Thursday? Answer Manufacturers Club, Philadelphia.

LLOYD HARRIS."

Sir WILLIAM MEREDITH: There was a letter from General Bertram to Russell of the 10th of May.

Mr. GRANT: It was put in out of its turn. It went in later, when they were putting in documents to fill up the space.

Mr. HELLMUTH: The reply to that telegram is as follows:—

MONTREAL, QUE., 13th May, 1915.

"Lloyd Harris,  
Manufacturers Club,  
Philadelphia, Pa.

Your wire received. Will see you Thursday, Montreal.

GENERAL BERTRAM."

(Two telegrams marked as Exhibit No. 306.)

The next correspondence I have is with the Northern Electric Company. You will remember that Mr. Lloyd Harris, I think it was, said that he understood tenders had been sent out by the Shell Committee for a supply of fuses, in September; that tenders had been invited rather for a supply of fuses.

I have here the form of the tender, with the letter which was sent out by the Shell Committee. One letter is addressed to the Northern Electric Company, and is dated September 9th, 1915, and it reads:

Sept. 9, 1915.

"The Northern Electric Company, Ltd.  
Montreal, Que.

Gentlemen:

Tenders are required for the supply to the Shell Committee of One Million (1,000,000) No. 80 Mark V Fuses. In accordance with the accompanying specification and drawings.

If you desire quoting for these articles please fill in the accompanying form and return to the above offices, as soon as possible, together with the specifications and plans.

Yours very truly,

"

JB./FB.

ENC.

(Part of Exhibit 307.)

A form of tender, or specification, is attached to the letter, and I think it ought to go in also.

Sir WILLIAM MEREDITH: Was any tender received from the Northern Electric Company?

[Benjamin F. Yoakum.]

Mr. HELLMUTH: That was not the material matter there. It was that these requests for tenders had not been sent to Mr. Lloyd Harris, and the question of the form of it was discussed.

The specification or form of tender is as follows:—

ADDRESS.....

DATE.....

Chairman of the Shell Committee.

Dear Sir:

"We.....hereby offer to supply the Shell Committee with.....fuses at \$.....per fuse. In the event of our tender being accepted, we agree to the following:—

"We will deliver fuses, freight paid to Shell loading factory designated by the Committee.

"The fuses to be packed in boxes supplied by us to the design of the Committee.

"The delivery of fuses to commence not later than..... and continue at the following rates:—

"The whole of the fuses to be delivered not later than one year from date of contract.

"The fuses shall be made in accordance with the Specification L/3280 and Drawings R.L. 20590 (1) (1, 2, 3 in pencil) and R.L. 16603, C.

"We will provide gauges for the use of the Inspectors appointed by the Committee.

"In the event of our failure to deliver fuses in accordance with the quantities and rate of delivery specified we agree to accept cancellation of that portion of the contract which has not been delivered to date.

(Signed)

JB/GH.

(Marked as Exhibit 307.)

Now in regard to the Architectural Bronze and Iron Works, represented by Melville P. White, Mr. Grant spoke of a letter from Mr. White to the Shell Committee or to Colonel Carnegie, and an answer. The letters, or copies of the letters of March 8, 1915, from Melville P. White and the reply of March 12, 1915, are already in as exhibits.

We were asked to produce the original letter from Mr. White. I have the original here. We were then asked if there had been any further correspondence following that up. There is further correspondence, but that further correspondence is dated February 15, 1916.

Hon. Mr. DUFF: Is it necessary to read it?

Mr. HELLMUTH: I don't think so. There is no use putting in the original.

Sir WILLIAM MEREDITH: Let them see it. That is all they want, I suppose.

Is that disposed of? It may be noted that the originals of the letters of the 12th of March are produced, and copies verified have been put in.

Mr. HELLMUTH: You do not want the further correspondence in February, 1916?

Mr. GRANT: That would not effect it.

Mr. HELLMUTH: It does not throw any light upon the question.

I have here also a great mass of letters, fifteen or twenty in number which passed between the Shell Committee and a number of Canadian manufacturers in regard to cartridge cases.

You will recollect that Colonel Carnegie said that many of these Canadian manufacturers had more or less fallen down on the supply of cartridge cases at the time he

gave the order to the Edward Valve Manufacturing Company. The letters passing between the manufacturers of those cartridge cases between the 27th of January, 1915 and the 22nd of November, 1915, I have here.

Hon. Mr. DUFF: Hadn't you better see if Mr. Grant wants them?

Mr. HELLMUTH: There are some cables upon the subject of a temporary shortage of cartridge cases. I would like to have them put in in any event. My friends here can see them, so there is no necessity of my reading all these.

Mr. EWART: Do you propose to print them all?

Mr. HELLMUTH: I suppose so. Most of the letters are exceedingly short, but there are a great number of them. Between letters and cables, I should think there are quite twenty-five in all.

Sir WILLIAM MEREDITH: Wouldn't it be better to let counsel who are opposing— if I may use that expression without offence—

Mr. GRANT: Supporting?

Sir WILLIAM MEREDITH: I am looking at you, Mr. Carvell.

Mr. CARVELL: All right sir, I don't deny it.

Sir WILLIAM MEREDITH: Wouldn't it be better if they could look at these letters and say whether they concede that they show that at the time the Edward Valve Company contract was let there was a great shortage of cartridge cases and that it was urgent to get speedy manufacture?

Mr. HELLMUTH: I do not want to ask any counsel to really make any concessions, nor do I feel like making any concessions myself in that way. What the evidence shows after all would be the question.

Sir WILLIAM MEREDITH: But if there can be no question?

Mr. HELLMUTH: I have not gone through them yet, myself.

Sir WILLIAM MEREDITH: It will cost some hundreds of dollars to print all this stuff.

Mr. HELLMUTH: Not this, sir.

Mr. EWART: There is not only the cost of printing, but there is the reading of it over.

Mr. CARVELL: This is not a criminal trial. I think they should be printed.

Hon. Mr. DUFF: If you can agree as to a statement of the effect of it, wouldn't that be as well?

Mr. CARVELL: If I have an opportunity of reading the documents.

I will assume from what has been stated by Mr. Hellmuth that the Shell Committee would like to have these in, in order to show that they were justified in doing what they did in making the contract.

It seems to me that they are the ones who would have most of the say about it.

Hon. Mr. DUFF: Let them go in, then.

Sir WILLIAM MEREDITH: The country will have to suffer for it.

Mr. HELLMUTH: I do not want to make any concessions at all. It is the Shell Committee really who desire to have them go in.

The following batch of letters will compose the next exhibit:—

“Messrs. Ireland and Mathews,  
Detroit, Mich.

January 27, 1915.

Dear Sirs,—We understand from Mr. Fifield of the Reo Sales Company, St. Catharines, Ont., that you are prepared to supply on short delivery unlimited quantity of 18-pr. brass cartridge cases and we are anxious to have you make us a proposition on what you are in a position to do.

[Benjamin F. Yoakum.]

"We require immediately not less than 100,000 of these cases as per enclosed blue print, and would ask you to advise us immediately what you are prepared to do.

Yours very truly,

H.A.B./W.

(Part of Exhibit 308.)

"THE IRELAND AND MATHEWS MANUFACTURING COMPANY,

Detroit, Feb. 3, 1915.

"Shell Committee, A. Bertram, Chairman, Montreal, Que.

Gentlemen,—Replying to your recent favour, we were unable to answer same owing to the absence of our Mr. Ireland. We regret very much that our capacity is all taken and we are unable to figure on any more cartridge shells. We thank you very much for the opportunity and regret that we do not have same somewhat earlier.

Yours very truly,

THE IRELAND AND MATHEWS MFG. Co."

F.T.D./M.

(Part of Exhibit 308.)

MONTREAL, April 24, 1915.

"The Shell Committee, Drummond Building, City.

*Delivery of Components—18-pdrs.*

Gentlemen,—Further to our letter of the 17th inst. we beg to advise you that our loading factory inform us that they have about three days' supply of shells on hand, and no brass cases from noon to-day.

"In view of this state of affairs, we have decided to lay off our workers until we can get a stock of these on hand.

Yours faithfully,

CANADIAN EXPLOSIVES, LIMITED,

WM. KELLY,

*Assistant to the President."*

W.K./J.E.

(Part of Exhibit 308.)

MONTREAL Canada, April 29, 1915.

"The Shell Committee, Drummond Building, City.

*Delivery of Brass Cases.*

Gentlemen,—We thank you for your letter of the 28th inst. It is not the shells that are worrying us so much as the delivery of the Brass Cases. We hope we shall receive several thousand before Monday, in order that we may get a good start made, and keep going.

Your attention to this will greatly oblige,

Yours faithfully,

CANADIAN EXPLOSIVES, LIMITED,

WM. KELLY,

*Assistant to the President."*

W.K./J.E.

(Part of Exhibit 308.)

## SHELL CONTRACTS COMMISSION

MONTREAL, Que., May 20, 1915.

"Cantley,

"Cecilia, London, Eng.

"Shall we send empty cases in preference filled ones. We are filling all cases available now. Hope ship 25 thousand filled Saturday. A large number empty cases waiting inspection which is being hastened. Wish you safe voyage.

"GENERAL BERTRAM."

(Part of Exhibit 308.)

"LONDON, England, May 20, 1915.

"Carnegie, Shell Committee,

"Stevens Building, Ottawa.

"Securing gun-drawings. Colonel Bingham promoted Major-General. Troopers most urgent for deliveries eighteen pounder cases. Our first order hundred thousand. Situation serious. Please act quickly. Cable definitely what shipment can make. (Stop) Nine point two shell matter off for present. Now considering four point seven. Sailing Metagama Saturday morning.

"CANTLEY."

(Part of Exhibit 308.)

"OTTAWA, Ont., May 20, 1915.

"Colonel Harston,

"Chief Inspector Arms and Ammunition,

"Quebec, Que.

"Have received cable from Colonel Cantley. Troopers most urgent for delivery eighteen pounder cases. Our first order one hundred thousand. Situation serious. Please act quickly. Cable us what shipment can make stop. Can you help us reply.

"SHELL COMMITTEE."

Chg Shell Comm.

(Part of Exhibit 308.)

June 3, 1915.

"Messrs. Montreal Ammunition Company,

"Montreal.

"Gentlemen,—

"Will you kindly advise us by return mail what deliveries you will be able to give us on 18-pounder Brass Cartridge Cases, from June 10th until your orders are completed.

"This information is most important, and would ask you to give same your immediate attention.

"Yours very truly,

GW/G.

(Part of Exhibit 308.)

"June 3, 1915.

"Messrs. Reo Sales Co., Ltd.,

"St. Catharines, Ont.

"Gentlemen,—

"Will you kindly advise us by return mail what deliveries you will be able to give us on 18-pounder Brass Cartridge Cases, from June 10th until your orders are completed.

[Benjamin F. Yoakum.]



"This information is most important, and would ask you to give same your immediate attention.

"Yours very truly,

GW/F.

(Part of Exhibit 308.)

June 8, 1915.

"Messrs. Montreal Ammunition Company, Limited.

404 St. James Street, Montreal

Gentlemen,—

"In future, please wire this office each day of shipments of Brass Cartridge Cases made to the Canadian Explosives, Limited, Ille Perrot.

"This information is important and we would ask you to see that it is wired in each day without fail.

Yours truly,

"

GW/G.

(Part of Exhibit 308.)

8th June, 1915.

"Minister of Militia, Ottawa.

"5263 Cipher. Your 403 of 22nd May.

Can you now say when the 18-pr. cartridge cases will be shipped.

TROOPERS."

(Part of Exhibit 308.)

OTTAWA, ONT., 12th June, 1915.

"Troopers, London, Eng.

"452 Cipher. Reference your cipher 5263.

Regret cannot ship empty cases without interfering with manufacture of fixed rounds."

MILITIA."

(Part of Exhibit 308.)

June 18, 1915.

"Messrs. Montreal Ammunition Co., Ltd., Montreal.

"Gentlemen,—

"We recently wrote you requesting that you wire this office each day giving the number of 18-pounder Cartridge Cases shipped to the Canadian Explosives, Limited, Ille Perrot.

"We have only been receiving this information from one or two companies, and must ask you to issue such instructions as will ensure this information being sent to this office each day.

Yours very truly,

"

GW/G.

(Part of Exhibit 308.)

June 18, 1915.

"Messrs. Reo Sales Company,

St. Catharines, Ont.

"Gentlemen,—

"We recently wrote you requesting that you wire this office each day giving the number of 18-pounder Cartridge Cases shipped to the Canadian Explosives, Limited, Ille Perrot.

"We have only been receiving this information from one or two companies,

## SHELL CONTRACTS COMMISSION

and must ask you to issue such instructions as will ensure this information being sent to this office each day.

Yours very truly,

GW/G.

(Part of Exhibit 308.)

"404 St. James Street, Montreal,  
"June 21, 1915.

"Shell Committee,  
"Stephen Building,  
"Ottawa.

"Dear Sirs,—

"Replying to your letter of June 18th, beg to advise you that we have wired you the number of cartridge cases shipped to the Canadian Explosives Limited each day any shipment has been made. As soon as we are making shipments regularly, we will wire you each day as requested.

"Yours truly,

"Montreal Ammunition Company, Limited.

"H. H. VAUGHAN,  
"President."

HHV/JEL.

(Part of Exhibit 308.)

"OTTAWA, Ont., June 30, 1915.

"The Montreal Ammunition Co.,  
"Montreal, Que.

"Advise quickly what your daily output Cartridge Cases will be commencing Monday July fifth, and what increase you can make in three weeks. Important.

"SHELL COMMITTEE."

(Part of Exhibit 308.)

MONTREAL, June 30, 1915.

"Shell Committee,  
"Stephen Building, Ottawa, Ont.

"Your wire received. Output two thousand eighteen pounder cases per day commencing July first and four thousand per day commencing July twenty-second.

"MONTREAL AMMUNITION Co., LTD."

(Part of Exhibit 308.)

*Telegram.*

"OTTAWA, Ont., June 30, 1915.

"The Metal Drawing Co.,  
"St. Catharines, Ont.

"Advise quickly what your daily output Cartridge Cases will be commencing Monday, July fifth, and what increase you can make in three weeks. Important.

"SHELL COMMITTEE."

(Part of Exhibit 308.)

*Telegram.*

"ST. CATHARINES, Ont., June 30, 1915.

"Shell Committee,  
"Stephens Building,  
"Ottawa, Ont.

"Producing four series per day this week. Twenty-five hundred per day next week, thirty-five hundred to four thousand in three weeks or possibly a [Benjamin F. Yoakum.]

little sooner. Believe these figures will be lived up to. Arrival of new machinery will increase everything possible being done.

"METAL DRAWING Co."

(Part of Exhibit 308.)

CANADIAN PACIFIC RAILWAY COMPANY,

MONTREAL, July 8, 1915.

DLT/F

M 53

2516.

"Shell Committee,  
Stephen Building,  
Ottawa, Ont.

GENTLEMEN,—“Referring to your letter of the 6th instant in connection with increase output of 18-lb. cartridge cases. “We have as you are aware, had considerable trouble with poor quality of brass, and have also experienced further difficulty with our cases in extraction from the gun under firing test, in consequence of which we were compelled to discontinue manufacture until these troubles were overcome.

We have now had the assistance and advice of Major Weatherbie and we hope to start up again early next week, when every effort will be made to obtain a maximum output from our plant with least possible delay.

Yours truly,

H. OSBORNE,

*Works Manager.*”

(Part of Exhibit 308.)

*(Corrected Copy.)*

165 BROADWAY, NEW YORK CITY,

July 10, 1915.

“General A. Bertram,  
Chairman—Shell Committee,  
Ottawa, Canada.

DEAR GENERAL,—Referring to our conversation of last Sunday, *re* increasing our output of cartridge cases, we have taken this matter up with manufacturers of presses and other machinery and find that to put in an economical unit for this work we would want to arrange for an output of 5,000 cartridge cases per day. We could have this plant ready for production within four (4) months after signing up contract or the receipt of your official order.

The cost of putting in this plant would be \$200,000. We would want an order for 1,000,000 cartridge cases to warrant this expenditure. If you would like us to go ahead with this proposition, we should be authorized to do so without delay, as machinery we propose to use is considered the very best that is made and they are liable to receive orders from others which would interfere with our delivery unless we act promptly.

Awaiting your reply, we remain,

Yours very truly,

CANADIAN CAR & FOUNDRY COMPANY, LIMITED.

N. CURRY, *President.*”

NC:MAN  
(Part of Exhibit 308.)

July 15, 1915.

"N. Curry, Esq. Pres.,  
Canadian Car and Foundry Co.,  
New York, N.Y.

Dear Sir:

We are in receipt of your letter of July 10th, stating that you are prepared to increase your plant so as to take care of a larger output of cartridges.

So far, your company have failed us badly. Before we can assure you of increased orders we would like your assurance that we will receive the goods on time. We are most anxious that all the cartridge factories should increase their plants so as to double their output. As soon as Mr. Thomas arrives, and informs us of further orders, you will certainly get your share if your company can make good in their output.

Yours very truly,

AB-R.

(Part of Exhibit 308.)

OTTAWA, ONT., July 30, 1915.

"Troopers,  
London, Eng.  
560 Cipher

In view of temporary shortage of cartridge cases for 18-pr. fixed ammunition could you arrange to send to Canada 250,000 fired cases which could rectified and loaded? This proposal is result of visit of Mr. D. A. Thomas, General Mahon and Shell Committee to filling and fixing factories. Early reply desired."

MILITIA."

(Part of Exhibit 308.)

August 4, 1915.

"Militia,  
Ottawa.  
6755 Cipher A. 2. Your 560 Cipher.

We can send 50,000 fired cases, but shall not be able to send any more as we have made arrangements here for reforming them.

TROOPERS."

(Part of Exhibit 308.)

OTTAWA, ONT., August 7, 1915.

"Troopers,  
London, Eng.  
578 Cipher. Your 6765 Cipher A 2, August 4th.

Shall be glad to receive 50,000 fired cases at once, shipped Montreal.

MILITIA."

(Part of Exhibit 308.)

August 11, 1915.

"Minister of Militia,  
Ottawa.  
6900 Cipher A. 2. Your 578 August 7th.

Fired 18-pr. cases will be sent as soon as possible but owing to large demands by firms who have been contractors to repair cases no date for shipment can be given at present.

TROOPERS."

(Part of Exhibit 308.)

[Benjamin F. Yoakum.]

ST. CATHARINES, ONT., August 25, 1915.

"The Shell Committee,  
Ottawa, Ontario.

GENTLEMEN,—Replying to yours of August 24th with reference of production of cartridge cases. You are quite right, of course, with regard to what we have produced up to date, but with reference to future production, can assure you that what we have delivered in the past cannot be accepted as what you may expect from us in the future.

Commencing September 1st, we expect to deliver a minimum of 3,000 cases a day, and with new equipment coming in every week this production will be steadily increased, until by January 1st. we will be able to give you 10,000 per day. These figures are conservative and you may rest assured that we are sparing no effort or expense at the present time to rapidly increase our production of this material.

Yours very truly,

METAL DRAWING COMPANY, LIMITED.  
M. C. TURNBULL."

WCR/SM

P.S.—We would just call your attention to the fact that your correspondence should be directed to the Metal Drawing Company, not Reo Sales Company. By so directing it, it will reach us more promptly.

M. D. CO. "

(Part of Exhibit 308.)

MONTREAL AMMUNITION COMPANY, LIMITED,

MONTREAL, Sept. 1, 1915.

"Shell Committee,  
Stephen Building,  
Ottawa, Ontario.

GENTLEMEN,—I understand that you have provided 1,500 12-round shipping boxes and 1000 25-round shipping boxes for 18-pounder cases for our use. These boxes will accommodate a total of 43,000 cases.

"As we are now shipping from 7,000 to 8,000 cases a day, the supply of boxes is not sufficient. Allowing one day during the time we ship and the time the boxes are received by the Explosives Company, two days from the time they are received until they return them, one day at least for the return trip, and, we will say, one day for our unloading of the boxes and repacking of them, you will see that you have just provided enough; but in addition to this, a number are required to hold the cases here, on which we are waiting firing proofs; for instance, we had, yesterday, 18,400 cases passed in one lot on account of some trouble with the guns at Quebec on Monday. and in addition sent down 18 lots, or 7,200 cases, a total of about 26,000 cases.

"The only practical way in which we can handle cases is to put them into shipping boxes as they are inspected and hold them in these boxes, awaiting firing proof We therefore think that it is of the greatest importance that you should immediately provide 1,000 additional 25-round boxes, or say 2,000 additional 12-round boxes, the 25-round preferred; as otherwise there is going to be delay on account of lack of shipping boxes, which will inconvenience us very seriously; or we shall have to handle the cases an additional number of times, which is almost impossible with the room at our disposal.

## SHELL CONTRACTS COMMISSION

"You probably hardly realize the amount of space that is required to handle 8,000 to 10,000 cases a day, as we hope to increase beyond this in the next week or so considerably, I would be very glad if you would make arrangements to furnish the additional number of boxes we have requested.

Yours truly,

H. H. VAUGHAN,  
*President.*"

HHV/JEL  
(Part of Exhibit 308.)

"St. CATHARINES, Ont., Sept. 20, 1916.

"The Shell Committee,  
"Ottawa, Ont.  
"Attention Mr. H. Bertram.  
"Gentlemen,—

"We have your letter of September 15th in reference to the replacement of 100,000 brass discs by the Canadian Pacific, Angus Shops, and regret to note that they propose to replace these from another mill.

"Beg to call your attention to the fact that this Company has experienced the usual difficulty in manufacturing these cases, and it has cost them a great deal of money to so arrive at methods of operations and treatment of the one manufacture of brass that we do not feel it reasonable to ask us to divert part of our stock coming as it does all from the one source, and then to take from some other mill the replacement. We doubt very much if any other manufacturer would feel like doing this, especially in view of the fact that extraordinary difficulties have been encountered by those manufacturers who have attempted to use certain makes of cartridge brass, or to switch their plant from one make to another.

"No two mills produce the same characteristics in their product, and for that reason this Company has taken special pains to get its supply all from the one source, even going to some considerable expense in the cancellation of one order for material so as to do this.

"We believe that our position is absolutely just in this matter, and we trust that you will at once instruct the Canadian Pacific Railway to allow us to place additional order with the Michigan Copper & Brass Co. to cover this shipment.

"Kindly advise at once.

"Yours very truly,

METAL DRAWING COMPANY, LIMITED.

A. F. FIFIELD, *Manager.*"

AFF/SM  
(Part of Exhibit 308.)

OTTAWA, September 29, 1915.

"To Troopers,  
London,  
England.

"695 Cipher. For Munitions from Shell Committee.  
*Message begins*—Reference 8257 cipher D.M.C.

"We are asking Canadian General Electric and other Companies to tender for the cartridge cases and primers.

[Benjamin F. Yoakum.]

"Regarding No. 80 fuses no aluminum available and suggest you accept brass component parts for those now made in aluminum and arrange for difference in weight of fuse by reducing number of balls in shell. *Message ends.*

"MILITIA."

(Part of Exhibit 308.)

November 12, 1915.

"Montreal Ammunition Company,  
Montreal, Que.

Gentlemen: We are getting very gratly concerned about the delivery of 4.5 cartridge cases, which are seriously behind and about which the War Office is becoming anxious. As over 2,250,000 cases have been placed with your Company and yours is the only one upon whom we rely for deliveries we request your serious attention to this matter. We promised the War Office 100,000 during September and only 2,350 were delivered. In October we promised 150,000 and only 15,593 were delivered. For this month we promised 200,000 making in all 450,000 cases to be completed by the end of November.

"Please state what steps you propose taking to carry out your contract.

Yours very truly,

DV/CKW.

(Part of Exhibit 308.)

"404 ST. JAMES STREET, MONTREAL,

13 October, 1915.

"General Alexander Bertram,  
Chairman, Shell Committee,  
Stephen Building, Ottawa, Ontario.

"Dear Sir: I enclose you herewith formal proposition for furnishing the Shell Committee with four million (4,000,000) brass discs, and 750,000 pounds per month of copper driving bands, and would like to call your attention to a few points that I did not feel it was desirable to mention in our formal proposition. I do not know how the price we have quoted for copper driving bands will compare with that at which you may be able to obtain the larger bands, but our proposition will, of course, show you a decisive saving on the smaller bands, and this with your ability to dispose of your copper scrap should, we think, make an attractive proposition.

"You realize, of course, that we are taking quite a chance in making this quotation, as we have no reliable data as to the actual cost of production, and are entering on an enterprise which necessitates a very large expenditure. We are, however, willing to undertake to work on the basis proposed, and feel satisfied from the inquiries we have made that we shall be able to make a success of it.

"The spread quoted you on brass discs of eight cents (8c.) is, we consider, a fair commercial proposition. During last February we were quoted brass on a spread of seven cents (7c.); but since that time, comparing the cost of brass with that of the quotations for copper and zinc, there is no doubt that spreads of ten to twelve cents (10c. to 12c.), and even as high as fifteen cents (15c.) per pound have been charged by rolling mills, and that the price of eight cents (8c.) is a very reasonable one for a continued contract, and absolutely necessary to protect us against loss in manufacturing during our first year's operation. The additional amount of four cents (4c.) per

## SHELL CONTRACTS COMMISSION

pound, we have asked from you for the two million (2,000,000) discs, will as you can easily figure out, amount to considerably less than the investment in the plant. You will notice that I have changed the figure for the cost of the plant, as in discussing the plant with you I did not refer to of the total cost, which you will see is about \$450,000 and as from previous experience we can figure on anywhere from fifty to one hundred thousand dollars (\$50,000 to \$100,000) extra expense and loss in manufacturing in starting up a new industry of this kind, you can see that the extra price we have asked for the first portion of the disc order will not cover one-half of the expenditure we propose undertaking. We do not in this case anticipate paying for the plant on the first year's business, but feel that we will be establishing an industry of a permanent nature, and that we can afford undertaking to work on a basis which will only partially cover our expenditure.

Yours truly,

MONTREAL AMMUNITION COMPANY, LIMITED,  
H. H. VAUGHAN, *President.*

(Part of Exhibit No. 308.)

*Telegram.*

OTTAWA, Nov. 17, 1915.

"The Montreal Ammunition Company, Montreal, Que.

"Our wire recent date regarding eighteen pounder cartridge cases for export. Advise quickly if you have commenced shipments and if you can get off two hundred thousand for month of November.

SHELL COMMITTEE."

*Telegram.*

OTTAWA, Nov. 18, 1915.

"The Montreal Ammunition Company, Montreal, Que.

"Our telegram fifteenth and seventeenth in accordance conversation Colonel Carnegie only ship one hundred thousand cases for export this month will have balance shipped from other sources.

SHELL COMMITTEE."

(Part of Exhibit No. 308.)

404 ST. JAMES STREET, MONTREAL, November 19, 1915.

"Shell Committee, Stephen Building, Ottawa, Ont.

"GENTLEMEN,—Replying to your letter of November 12th with reference to delivery of 4.5 cartridge cases.

"We fully appreciate the serious situation in which our failure to deliver this material has placed you.

"The machinery for the manufacture of these cases has been lying idle since the beginning of July, with the exception of the heading machinery which while installed at that time, in sufficient capacity to produce both Howitzer and 18-pounder cases, has given us such continual trouble from breakage that from that date until the middle of October, although we had four presses installed, we were only able to keep two of them in service at one time. During that time all four presses have been rebuilt with new bases, new toggles, and several sets of new columns. We had previously, as you know, ordered additional presses to take care of the large order you placed with us for Howitzers and had been promised delivery of two large headers in the early part of August, and three additional 800-ton headers in the early part of September. The manufacturers fell down completely on the delivery of the two large headers,

[Benjamin F. Yoakum.]



which have only just been received, and were quite late on the delivery of the small ones, which came in about two or three weeks ago.

"In July, in view of the difficulty we were experiencing, we took steps to install a hydraulic plant, and obtained promises of delivery of all of the material by September 20th. On account of the difficulty in obtaining castings, etc., this plant, in place of being installed by the 20th of September was not completed until the 20th of October, in spite of everything that we could do to hurry it forward. In addition to this we received a promise from the Toledo Machine Company that they would give us one header on September 22nd and another on September 23rd if we placed an order immediately. This we did in addition to the two headers that we had placed in the early part of July for September delivery. These people apparently had no intention of meeting their promises, and while we placed orders for six headers with them, amounting to about \$75,000 delivered, they accepted our orders, and have so far only delivered two headers, which we have installed at our National Plant as we have sufficient header capacity at Dominion. The other two headers they have not yet delivered, and I have no reason to believe that they have been shipped to other companies to whom you have entrusted orders.

"I mention these difficulties to show you that while we have failed in the fulfillment of our contract, it has not been on account of our not trying to fulfill it, but owing to a most extraordinary amount of trouble and failure to deliver machinery as promised on part of the builders. We have, however, commenced the manufacture of howitzers and shipped firing tests for the first series last Saturday.

"During the past few days we have struck several difficulties which we might naturally expect to experience in getting up to output, but none of them are serious. We are running at the rate of 500 to 1,000 per day at the present moment, and I feel confident in assuring you that we will be up to 5,000 per day during the coming year, rapidly pulling up to 10,000 a day within the next few weeks. We have installed two additional annealing furnaces to take care of the output, and figure that we can run up to 12,000 a day on the howitzers without interfering with our 18-pounder production, or at least can still arrange to furnish about 10,000 18-pounder cases per day. I feel that while our production of these cases has been seriously delayed, it has been on account of our absolute inability to obtain heading machines. We have, I consider, done everything that could have been done in this respect, and had you placed orders with other concerns for this material, you would simply have still further delayed our obtaining them. We have offered builders increased prices and every inducement we could think of to turn out the machinery, and the fact is that the placing of additional orders with other concerns simply makes matters worse, as the orders for machinery which they place simply makes builders more independent and makes it more difficult to obtain delivery of machinery required.

"I might also mention that in order to try and assist matters, we placed an order with the Canadian Pacific Railway Company for 50,000 howitzer cases, for which we paid more than we are receiving from you, and while nobody regrets more than we do the situation we have got into, I really feel that everything has been done that could be done to meet the requirements of the War Office in the delivery, that by splitting the orders amongst other concerns, the situation would only have been worse, and that we are now in a position to assure you that we will rapidly increase our production, and, I believe, be able to meet your requirements.

Yours truly,

H. H. VAUGHAN,  
*President.*"

(Part of Exhibit No. 308.)

"November, 22, 1915.

"Messrs. Montreal Ammunition Company,  
404 St. James St.,  
"Montreal, Que.

"Dear Sirs:—

"We have your letter of the 19th inst., on the subject of 4.5 cartridge cases, and thank you for giving us an outline of the difficulties you have had in regard to the delivery of them.

"We are glad to note that you intend to produce at a rapid rate, and so make up in some measure for the serious delays which have taken place.

"Yours very truly,"

(Marked as Exhibit No. 308.)

Mr. HELLMUTH: I cannot deal with this list of correspondence in quite the same manner as the last, because my recollection is that it was asked that all correspondence between the Shell Committee and anybody else, manufacturer or individual, in regard to time fuses should be produced.

Hon. Mr. DUFF: I think I asked that.

Mr. HELLMUTH: Up to June 15, was with the War Office, I think. I think some of these will have to be read.

Hon. Mr. DUFF: Was it limited to time fuses?

Mr. HELLMUTH: Any fuses. It starts—

Hon. Mr. DUFF: Is it necessary to read them all now; cannot we read them in type?

Mr. HELLMUTH: All right.

Sir WILLIAM MEREDITH: What is the effect of it?

Mr. HELLMUTH: Evidently there have been conferences between members of the Shell Committee and Canadian manufacturers in regard to the fuses, and the Canadian manufacturers are writing asking for prints, blueprints, specifications and so on, and in some of the letters interviews are referred to, and these prints were furnished to them, and there are a number of companies, for instance there is the John Morrow Screw and Nut Co., Limited, of Ingersoll; there is the Galt Machine Screw Co., Limited, of Galt; there are some of the Northern Electric too; there is the Packard Electric Co., of St. Catharines; there is the Manufacturers' Contracting Co., of Wilmington, Delaware, and there is the Consolidated Optical Co., Limited, Montreal—all showing that the question at all events had been taken up with Canadian Manufacturers, I am not saying how dealt with—of course the letters will show for themselves—but there were inquiries from Canadian manufacturers who had apparently looked into the matter.

Sir WILLIAM MEREDITH: Between what dates?

Mr. HELLMUTH: Between January 13, 1915, which seems to be the first, and going down to as late as 21st June, 1915. Then there are cablegrams that passed between the Shell Committee and the Chief Inspector of Woolwich and others in regard to changes that were being made in the design, showing—it is a sort of general history.

Hon. Mr. DUFF: Are all the cables?

Mr. HELLMUTH: This is all relating to this matter that can be found.

Mr. STEWART: The file, as Mr. Hellmuth has described it, is correctly stated. In addition there are one or two small letters or cables not of any importance in themselves, but that passed with the Harris people or the American people; they just supplement the other file; they are in that as a sort of gathering up. You asked me if that included everything; I want to say this, I just got last night, and have not yet given to Mr. Hellmuth, one or two letters about certain draft contracts between the

[Benjamin F. Yoakum.]

Shell Committee and the International people, and that will be conveniently introduced when Mr. Carnegie is re-examined, because he will identify the drafts; so I have not included them in this; otherwise that is everything that has been found.

Hon. Mr. DUFF: Mr. Stewart, you are looking over the correspondence on the subject of the graze fuse?

Mr. STEWART: I have a file of that over in my room; I find on checking it over there are about three letters lacking, and I am having search made.

Mr. EWART: May I ask Mr. Stewart if he can be confident that these are all the letters upon this subject? He has told us that the letters were not kept under subjects, that they are dispersed through files according to dates. While, as I understand, these are all that have been found, they may not show the complete activities of the committee.

Mr. STEWART: I can make this statement, that the most painstaking search has been made and is still proceeding, and also in so far as I have checked the files over, and I have checked them pretty carefully, no gaps are apparent.

Mr. EWART: That is quite satisfactory.

Mr. HELLMUTH: Then I put in this file.

(File of correspondence was marked as Exhibit 309, and is as follows):—

“INGERSOLL, ONT., January 13, 1915.

“The Shell Committee,  
722 Drummond Building,  
Montreal, Que.

*Re Timer Fuse.*

“GENTLEMEN,—Regarding this fuse. Our Mr. Horton asked you for a blue print and specification yesterday, but we understand you have only just received a print from Woolwich for this work, and that as soon as you have prints taken off same you will let us have a set of prints and specification. We are well equipped for the manufacture of this fuse, and shall be glad to give you our quotation at such time as it will be convenient for you to receive it. Will you kindly let us know about when you would like to have this quotation.

“Yours Respectfully,

“THE JOHN MORROW SCREW AND NUT CO'Y, LIMITED,

H. P. STONEMAN,  
*For President and Manager.”*

(Marked part of Exhibit 309.)

“CANADIAN CAR AND FOUNDRY COMPANY LIMITED,

TRANSPORTATION BUILDING,

MONTREAL, January 27, 1915.

“Shell Committee,  
722 Drummond Building,  
Montreal.

“Gentlemen,—We are handing you herewith 8 prints of C. C. & F. Dwg. F-301—R.L. Drawing 20590 (1)—fuse, time and percussion No. 80 Mark V. (L).

“Also wish to confirm having handed you 4 prints of the same on the 25th inst., together with 12 prints C. C. & F. Dwg. E-673—R.L. Drawing

16105 B (1)—Shell Q.F. Common Lyddite, 4.5 inches Howitzer (Mark 111)  
(L)—Forged Steel.

"Yours very truly,

JESSE Y. GLENN,  
"Mechanical Engineer."

"CC—WSA"  
WGF/OBW."

(Marked part of Exhibit 309.)

"Telegram."

"MONTREAL, February 3, 1915.

Mr. Roelofson,  
Galt, Ont.

"Please return sample time fuse loaned you immediately.

"SHELL COMMITTEE."

"HAB/W."

"GALT, ONT., February 4, 1915.

"Messrs. The Shell Committee,  
722 Drummond Bldg.,  
Montreal, Que.

"Dear Sir,—

"We are in receipt of your telegram, and in accordance therewith have shipped via first express the Time fuse.

"We might say regarding this matter that we have this up for careful consideration, and were just going into it when we got your wire. If it would be at all possible we would like very much to have you procure us one of these Time fuses which we can take apart, and go into the manufacture of each of the pieces. We would also request you to forward us the specifications to cover this, as you will remember when the writer was in your office you only had the one of the original specifications. The manufacture of this fuse will call for some very fine equipment, and the writer picked up some good information when on his recent trip down East. In order to produce this piece successfully most of the machines would have to be special and practically designed for the job. In order to get out the quality of work and handle the class of material from which the fuse is made.

"The aluminium pieces are not a bar proposition, and we find that the concerns manufacturing this piece in the United States have practically all special equipment. We are considering seriously this proposition and will be pleased to hear from you with some information regarding the number of fuses which you would be in the market for, as well as the delivery which you would expect on these. In order to make the investment of the machines worth while it would be necessary to have some kind of guarantee order covering a certain amount which would make it possible to equip thoroughly for this. We are satisfied that our experience covering the manufacture of lines which while not exactly similar are much finer in accuracy than is required on the time fuse, would be of material advantage in giving you a very fine job.

"We will be pleased to hear from you by return mail as to your decision regarding this matter.

"Yours very truly,

THE GALT MACHINE SCREW CO., LIMITED.

R. W. ROELOFSON."

RWR/MC.

(Marked part of Exhibit 309.)

[Benjamin F. Yoakum.]

"NORTHERN ELECTRIC COMPANY, LIMITED,"

MONTREAL, February 9, 1915.

"Colonel A. Bertram, Chairman,  
Shell Committee,  
Montreal.

"Dear sir,—

"In reference to the time fuse used in connection with Shrapnel Shells,— I am wondering whether these are being manufactured in Canada. If so, whether we could have an opportunity of figuring on them. We feel that possibly we might be in a position to undertake the work.

"Yours truly,

PAUL F. SISE,

*Vice-Pres. and General Manager."*

PFS LB.

(Marked part of Exhibit 309.)

"Northern Electric Co.,  
"Montreal, P.Q.

"February 10, 1915.

"Gentlemen,—

"Attention Mr. P. F. Sise, General Manager.

"Yours of the 9th received regarding manufacture of time fuses. We regret to advise that we have nothing definite yet regarding same.

"Yours very truly,

"HAB/C."

(Marked part of Exhibit 309.)

"Shell Committee,  
"722 Drummond Building,  
"Montreal, Que.

"ST. CATHARINES, February 23, 1915.

"Gentlemen,—

"We understand that you are further investigating the possibility of having Time and Percussion Fuses made in this country.

"We believe that this work is adapted to the equipment of our Electric Meter Department, and shall be glad to have an opportunity of figuring on it.

"We are well aware that it involves very accurate work, and for that reason it is attractive to us. Can you not send us drawings and specifications and a sample fuse.

"Yours very truly,

"THE PACKARD ELECTRIC Co., LIMITED.

"R. B. HAMILTON,

*"Managing Director."*

"RBH/G.

(Marked part of Exhibit 309.)

"Packard Electric Company,  
"St. Catharines, Ont.

"February 25, 1915.

"Dear Sirs,—

"Replying to yours of the 23rd regarding time and percussion fuses. Would advise that we have no information whatever to give you in connection with same as we are merely having experiments made at the Dominion Arsenal.

"Yours very truly,"

HAB/W

(Marked part of Exhibit 309.)

## SHELL CONTRACTS COMMISSION

"WILMINGTON, DELAWARE, U.S.A.

"March 12, 1915.

"Dear Sirs,—

"In behalf of a corporation to be formed to manufacture combination fuses in the Dominion of Canada,

"We propose to fit out a factory to furnish you with not less than 2,000,000 combination time and percussion fuses made according to your English Army design and tests for the sum of \$4.75 per fuse, f.o.b. the factory in Canada. We are willing to begin delivery in four months from the date of contract, and average through the first year of production 5,000 per day. As to the terms of the contract, these would have to be made mutually satisfactory and financed. To demonstrate our ability to prove the assertion that we can make the fuse satisfactorily for you, on receipt of plans and specifications and seven sample fuses from you, we will manufacture a sample order of 20,000 fuses or less for you at \$7 per fuse at our American plant which we are about to equip at once. The above sample order would only be accepted on the condition that the order for 2,000,000 fuses at the above price and terms would be made, conditional on the sample fuses proving up to specifications in the test at our plant in America.

"Concerning the subject of the backing of our company here, we can say that we have only the best, most experienced financial men, experienced engineers and practical workmen in our newly formed company. If this proposition is of interest to your Committee as to price and quantity, the writer would be pleased to demonstrate the practicability and advantages of establishing this plant in Canada under the terms of the proposition I make and how with our own organization in Canada, we can deliver what you desire.

"Awaiting your valued command, I am,

"Yours very truly,

"W. H. FENN."

WHF/VJC.

(Market part of Exhibit 309.)

"THE WINDSOR HOTEL,

"MONTREAL, March 15, 1915.

"Dear Mr. CARNEGIE,—

"I left with Mr. Bertram, Jr., to-day the letter from Mr. W. H. Fenn, Jr., addressed 'Dear Sirs' as he did not know to whom it should be addressed. I trust you will have time to consider the proposal, and will be glad to have your reply, or see you, on my arrival from Ottawa to-morrow at the Windsor, at 6.30 p.m. Tuesday. I may have to go to New York on the 7.40 p.m. train and so if you could make it convenient to give me a few minutes immediately on my arrival from Ottawa, I would appreciate it very much. I will know immediately on my arrival at the Windsor whether I will have to go away to-morrow night or not. I got out of going to New York to-day as I found it more important I should be in Ottawa to-night or to-morrow morning. You will notice that it is the English fuse and not the American that is to be manufactured to your satisfaction. This I fancy will be even better for you as it would cover future requirements after the war. You might have two necessary plans and blueprints relating to the English fuse, so I could take them with me to New York if I go to-morrow night. If it will facilitate this business I will certainly go to-morrow night, so as not to lose a day's time. I am entirely at your disposal in this regard.

"Yours faithfully,

(Marked part of Exhibit 309.)

"EDMOND BRISTOL."

[Benjamin F. Yoakum.]

"MONTREAL, March 20, 1915.

"Major OGILVIE,  
"Chief Inspector of Ammunition,  
"Quebec, Que.

"Dear Sir,—

"We understand that orders are being placed for time fuses, such as used for exploding shells, and as we are equipped to manufacture these timers, we would like to get some particulars as to the requirements, so we can make out tender for same.

"We are already manufacturing different apparatus for your department, but are not full cognizant as to what particular official we should send out tender for these timers, if needed.

"Hoping to hear from you,

"We remain,

"Yours very truly,

"CONSOLIDATED OPTICAL Co., LIMITED.

T. F. BUTLER."

T.F.B.

(Marked part of Exhibit 309.)

"20th March, 1915.

"Edmond Bristol,  
"Webster Hotel, New York.

"Have received favourable reply re fuses. Can you give assurance that you can supply proper composition and guarantees commence deliver in four months?

"CARNEGIE,

"SHELL COMMITTEE."

(Marked part of Exhibit 309.)

*Telegram.*

"NEW YORK, March 21, 1915.

"D. Carnegie,  
"Care Colonel A. Bertram,  
"Chairman Shell Committee,  
"Drummond Building, Montreal.

"Believe can meet requirements; tried to get you on telephone. Will try again at six to-day. Fenn here to-morrow; please let me have blue prints specifications and fuse immediately for him.

"BRISTOL."

(Marked part of Exhibit 309.)

"MONTREAL, Que., 26th March, 1915.

"Dr. John A. Harris,  
"140 Riverside Drive,  
"200 Fifth Ave.,  
"New York, N.Y.

"Thanks your wire re copper. Can you reduce price fuses, as we are informed price much too high.

"CARNEGIE,

"SHELL COMMITTEE."

(Marked part of Exhibit 309.)

## SHELL CONTRACTS COMMISSION

"NEW YORK, N.Y., 26th March, 1915.

"David Carnegie,  
"Shell Committee,  
"Montreal.

"Would be glad if you would wire or telephone Webster Hotel here any news Saturday or Sunday. Am in touch with Fenn.

"BRISTOL."

(Marked part of Exhibit 309.)

"MONTREAL, Que., 27th March, 1915.

"Edmond Bristol,  
"Webster Hotel,  
"New York, N.Y.

"Regret have no number eighty fuses available Montreal. We are informed from England that modified design of fuses required. Have cabled for drawings and sample.

"CARNEGIE."

(Marked part of Exhibit 309.)

"MONTREAL, Que., 21st April, 1915.

"General T. Benson, M.G.O.,  
"Militia Department,  
"Ottawa.

"Have you received word from War Office of two drawings required to complete details number eighty time fuse? Colonel Lafferty asked you to cable for them some time ago.

"SHELL COMMITTEE."

(Marked part of Exhibit 309.)

No. H. Q. 1148-5.

OTTAWA, ONT., 21st April, 1915.

From The Master General of the Ordnance,  
Canadian Militia,

To the Chairman, Shell Committee,  
Montreal, P.Q.

SIR,—In reply to your telegrams this date regarding drawings required to complete details of No. 80 T. & P. fuse, I have the honour to inform you that these have been received and will be forwarded to you as soon as blue-prints from them are finished.

I have the honour to be, Sir,

Your obedient servant,

T. BENSON, Brigadier-General,  
*Master-General of the Ordnance.*

(Marked part of Exhibit 309.)

[Benjamin F. Yoakum.]



April 28th,

The Secretary,  
War Office,  
London, S.W., England.

SIR,—We are in receipt of your letter of April 15th, and beg to acknowledge receipt of copy (3 sheets) of drawing No. 21688 of Gauge, Fuse T. and P. No. 80, Mark V.

We are, Sir,  
Your obedient servants,

DC/MC.  
(Marked part of Exhibit 309.)

MONTREAL, QUE., 29th April, 1915.

“Chief Inspector,  
Woolwich, England.

“Will you kindly order at expense of Shell Committee, Canada, two proof at rest testing machines complete, same as now used Woolwich and for use Chief Inspector Arms and Ammunition in testing No. eighty and eighty forty-four fuses on order.

GENERAL BERTRAM,  
*Shell Committee.*”

(Marked part of Exhibit 309.)

MONTREAL, Que., 30th April, 1915.

“General Benson,  
Ottawa.

Will you please wire Troopers. Please send specifications of Powder and composition of time rings, number eighty fuse.

SHELL COMMITTEE.

(Marked Part of Exhibit 309.)

MONTREAL, QUE., 5th May, 1915.

“General T. Benson, M.G.O.,  
Militia Dept. Ottawa.

Shall be obliged if you can forward drawings eighty fuses to-night. Have you drawings eighty fuse high explosive.

SHELL COMMITTEE.

(Marked part of Exhibit 309.)

Agency of  
CANADIAN CAR AND FOUNDRY COMPANY LIMITED  
“165 Broadway, NEW YORK, May 6, 1915.

“General BERTRAM,  
“Chairman Shell Committee,  
“Government Building,  
“Montreal, Canada.

“Dear General BERTRAM,—Please excuse delay in advising you as to information you wanted re the time fuses.

## SHELL CONTRACTS COMMISSION

"It seems the most difficult part is to get a reliable concern to load these. I am taking this matter up with, I think, the best people in the country and will be able to give you definite information about Tuesday next.

"Yours very truly,

"N. CURRY."

NC/MAN.

(Marked part of Exhibit 309.)

May 6, 1915

"The Chief Inspector,  
"Woolwich, England.

"Dear Sir,—We took the liberty of wiring you asking if you would obtain for us, two Fuse Testing Machines of the pendulum type, as are now being used at Woolwich for testing fuses at rest. The following is confirmation of the wire:

"Will you kindly order at expense of Shell Committee, Canada, two proof at rest testing machines complete, the same as now used Woolwich and for use Chief Inspector Arms and Ammunition in testing number eighty and eighty-four fuses on order."

"As you may know we have an order for five million fuses and are desirous of having testing machines supplied immediately, so that they may be available when the fuses are ready for testing.

"Kindly arrange to have the invoices sent direct to General Bertram, Chairman of the Shell Committee.

"We have the honour to be, Sir,

"Your obedient servants."

(Marked part of Exhibit 309.)

"MONTREAL, Que., 6th May, 1915.

"Dr. Harris,  
"200 Fifth Ave.,  
"New York City.

"Regret cannot see you to-morrow going out of town. Please call Saturday.

"GENERAL BERTRAM."

(Marked part of Exhibit 309.)

"NEW YORK, 8th May, 1915.

"DAVID CARNEGIE,  
"Drummond Building, Montreal.

"Fenn saw me yesterday and asked me to communicate with you re fuses. Please get in touch with me Biltmore Hotel here. Have most important private information for you that can only be given you verbally. Urgent that you should see me."

"EDMOND BRISTOL."

(Marked part of Exhibit 309.)  
[Benjamin F. Yoakum.]

MONTREAL, QUE., 10th May, 1915.

"Colonel Phipps,  
Bethlehem Steel Co.,  
South Bethlehem, Pa.

Could you mail me to-night drawings of eighteen pounder, Mark VI, shrapnel shell, with which number eighty-five fuse is used?

GENERAL BERTRAM,  
*Shell Committee.*

(Marked part of Exhibit 309.)

Wilmington, Delaware, U.S.A.

May 10, 1915.

"Col. A. Bertram, Chairman,  
Shell Committee,  
Montreal, Canada.

Dear Sir:

Thank you for your favour of the 7th instant. We write to know if we submit for test 10 fuses of the design you mentioned and they prove satisfactory, would you be interested in placing a contract with us? We feel fully confident of our knowledge of these fuses, having not only the most experienced men to manage the manufacture and assembling of the same, but we are also in the best of positions to furnish the tools and equipment for the establishment of an auxiliary plant in Canada.

If Mr. Carnegie will meet me in Wilmington, here, I can show him the details and drawings to manufacture every part used in connection with such a plant. I can further show him models of most every tool used, in fact can show him the entire process of manufacturing. If we could not show such, we would not care for a contract, but having equipment to proceed with such a contract we take double pleasure in offering our services to you and sincerely hope we can interest you.

Yours very truly,

Manufacturers' Contracting Company,

W. H. FENN, JR.,

Per J. C.

*President.*

WHF.

(Marked part of Exhibit 309.)

Montreal, Que.,

10th May, 1915.

"F. A. Merrick,  
Canadian Westinghouse Co.,  
Hamilton, Ont.

Are you prepared consider fuse manufacture? If so can you call here at earliest possible convenience.

SHELL COMMITTEE.

(Marked part of Exhibit 309.)

Montreal, Que.,  
11th May, 1915.

"Major Laurie,  
Messrs. The Scovill Mfg. Co.  
Waterbury, Conn.

Will you kindly mail drawings and specifications American Fuse to Shell Committee, Drummond Bldg., Montreal, and oblige.

GENERAL BERTRAM,  
*Shell Committee.*

(Marked part of Exhibit 309.)

New York, N.Y., May 12, 1915.

"55 RA ED 5.5 P  
"General Bertram,  
"Care Shell Committee,  
City.

"Will be in Montreal Friday and will have some information re time fuses.

N. CURRY."

(Part of Exhibit No. 309.)

"Dominion Express Building, Montreal, May 12, 1915.

"United States Prices  
—FUSES—

"Brigadier-General Alex. Bertram,  
"Chairman Shell Committee,  
"Drummond Building, City.

"My dear General Bertram,—Referring to your recent request and confirming our telephone conversation to-day, I was advised by telephone that the prices for the British time fuses for the shrapnel, etc., run about as follows:

For mechanical parts . . . . . \$2.50 and up.  
For loading . . . . . \$2.00 and up.

"The prices for the complete fuse run from \$4.50 to \$5.50. One of the principal reasons for the nervousness is the feverish condition of the brass and copper market.

"Brass forgings yesterday were quoted at thirty cents per pound, which is about the same as it was three or four weeks ago with brass at twenty-three cents. Spelter was quoted at around nineteen cents and very poor deliveries.

"The way things are in the States now, anything that has copper in it is hard to get. While the increased demand will increase the production of copper, and while there are indications that the supply of copper will be easier in the course of three or four months, there are no indications that the price will be lower. The dealers will give no options on brass or copper and will only listen to firm orders.

"If I can be of any further service to you please command me.

"Trusting the above will give you the information desired, I remain,

Yours truly,

MONTREAL LOCOMOTIVE WORKS, LIMITED,  
JOHN H. WYNNE, *Manager.*"

(Part of Exhibit No. 309.)  
[Benjamin F. Yoakum.]

"TORONTO, Ont., May 18, 1915.

"Shell Committee,  
"Stephens Building,  
"Ottawa, Ont.

"Dear Sirs,—Will you kindly mail us a blue-print of the fuse parts for shells. We have been asked if we could manufacture some of these parts, for a party who has undertaken to furnish a complete fuse. If you can send us one of the blue-prints, it would help us in understanding what is required.

"Thanking you in anticipation, we are,

Yours truly,

MASSEY-HARRIS Co., LIMITED,  
J. N. JOHNSTONE, *Treasurer.*"

(Part of Exhibit No. 309.)

"TORONTO, Ont., May 27, 1915.

"Shell Committee,  
Stephen Building, Ottawa, Ont.

"DEAR SIRs,—We thank you for your favour of the 25th inst., enclosing blue-prints (three sheets), covering fuse No. 80.

Yours truly,

MASSEY-HARRIS Co., LIMITED,  
J. N. JOHNSTONE, *Treasurer.*"

(Part of Exhibit No. 309.)

"WOOLWICH, Eng., 27th May, 1915.

"Shell Committee,  
Stephen Building, Ottawa.

"Pendulum apparatus (stop). Proposed include spinning apparatus occasionally used for test of number eighty fuse leaving you provide motor for driving (stop). If motor required cable voltage and current (stop). Where should delivery be given if London quote address.

FACTORIES,  
Woolwich."

(Part of Exhibit 309.)

"MONTREAL, Que., 3rd June, 1915.

"Troopers,  
London, Eng.

"Please instruct Colonel Phipps, South Bethlehem, Pennsylvania, to forward specification of number one hundred fuse to Shell Committee, Stephen Building, Ottawa.

SHELL COMMITTEE."

(Part of Exhibit 309.)

## SHELL CONTRACTS COMMISSION

" OTTAWA, Ont., 12th June, 1915.

" Troopers,  
London, Eng.

" 450 cipher. Reference your cipher 4091 A. 7 and our 352.

" It will be December before we can supply fuses with fixed ammunition owing to delay in obtaining drawings and specifications and in arranging contracts here.

" We propose shipping fixed rounds when ready without fuses and hope this will meet with your approval.

**MILITIA."**

(Part of Exhibit 309.)

" 14th June, 1915.

" Shell Committee,  
Stephen Building, Ottawa.

" Reply to cable seventh ultimo reference pendulum apparatus awaited (stop). Please hasten.

**FACTORIES,  
Woolwich."**

(Part of Exhibit 309.)

" OTTAWA, Ont., 14th June, 1915. .

" Factories, Woolwich,  
England.

" Your cable June fourteenth Pendulum apparatus includes spinning apparatus (stop). Will provide motor here (stop). Ship to Chief Inspector of Arms and Ammunition. Quebec.

**SHELL COMMITTEE."**

(Part of Exhibit 309.)

" June 16, 1915.

" Militia,  
Ottawa.

5529 Cipher A. 2. Your 450 Cipher.

Your statement that delay in obtaining drawing and specification prevents supply of fuse with fixed ammunition before December is not understood, as the only drawings not yet sent are of the Gaine, which does not affect the manufacture of fuses.

" Your telegrams 105 and 352 did not mention any difficulty as regards drawings of number 80, and particulars of the 80 over 44 fuse were sent you April 5th with War Office letter 94.F. 31.

" Your telegram 352. Our information is that you are getting the fuses made in the United States. Is this so?

**TROOPERS."**

" OTTAWA, ONT., June 18, 1915.

" Troopers,  
London, Eng.

" 469 cipher. Reference your 5529 cipher A. 2.

" Our cipher 450 not sufficiently explicit. Considerable time absorbed by us in arranging contracts and in queries with you regarding drawings and specifications.

**BENJAMIN F. YOAKUM.**

[Benjamin F. Yoakum.]

"Our cipher 419 May 30th explains position. Manufacturers have demanded longer time before commencing and for final completion of fuses than stipulated by us to you for completed rounds ammunition.

"We are obtaining fuses from United States on account of urgency, but this will not interfere with other contracts placed here.

"Do you wish us to supply gaine?

MILITIA."

(Part of Exhibit No. 309.)

"OTTAWA, ONT., June 19, 1915.

"Chief Inspector,  
Woolwich, England.

"Have any amendments been made to drawings number R.L. two one six eight eight two sheets dated January eleventh nineteen fifteen and specifications L. three four nought six and L. three two eight naught. Please advise as we are now manufacturing.

SHELL COMMITTEE."

(Part of Exhibit No. 309.)

"LONDON, ENG., June 21, 1915.

"Shell Committee,  
Stephen Bldg., Ottawa.

"202. Your cable no alterations specifications. Drawing R.L. two one six eight eight comprising three sheets now being amended to suit 80 over 44 also. Am sending copies.

STANSFELD."

(Marked as Exhibit No. 309.)

Mr. HELLMUTH: Then this is a file of correspondence between the Aluminium Casting Co. and the Shell Committee; the letters commence January 23rd, 1915, and end on February 6, 1915. The first letter says "In accordance with your request at the time of my recent call on you." I may say in connection with all these letters you will find a great many of these men must have come to Montreal or here and had an interview.

(Mr. Hellmuth continues reading).

(File of correspondence between the Shell Committee and the Aluminium Castings Co., between January 23 and February 6, 1915, was marked as Exhibit 310, and is as follows):

"THE ALUMINIUM CASTINGS Co.,

"CLEVELAND, O., January 23, 1915.

"Col. A. Bertram, Chairman,  
Shell Committee,  
722 Drummond Bldg.,  
Montreal, Que.

"Dear Sir,—In accordance with your request at the time of my recent call on you, I am sending under separate cover, two castings made according to the process used in Europe in the manufacture of aluminium fuse parts. Castings made in this manner are extremely dense, and possess much greater strength than can be secured from aluminium cast in any other way.

"The originator of this process, Monsieur Cothias, was really responsible for the substitution of aluminum in place of bronze fuse parts, and his castings have been used by different European countries for a number of years past, with the greatest of success.

## SHELL CONTRACTS COMMISSION

"As explained to you, we own the rights for the manufacture in America, of castings made in this manner, and if you are interested, and it is possible for us to secure orders for sufficient quantities, we will be very glad to make the same in Canada, out of Canadian aluminum.

"We will call upon you in Montreal to go into this matter in greater detail at any time which may suit your convenience, and trusting to hear from you further, and thanking you for the interview granted me this week, I am,

"Very truly,

"W. P. KING,

"Vice-President."

"WPK/M."  
(Part of Exhibit 310.)

"January 28, 1915.

"The Aluminum Castings Co.,  
Cleveland, Ohio."

"DEAR SIR: "We are in receipt of yours of the 23rd, also sample casting of fuse parts, and while we are not at present requiring any of this material we think possibly the manufacturers of the fuses would be interested in such a proposition. We are now prepared to show you detailed drawings of these parts and would be interested in a proposition from you on supplying same and when you are in this vicinity would be glad if you would call at our office regarding this matter.

"Yours very truly,"

"HAB/W."  
(Part of Exhibit 310.)

"THE ALUMINUM CASTING Co.,

"CLEVELAND, February 1, 1915.

"Col. A. Bertram,  
Chairman Shell Committee,

722 Drummond Bldg., Montreal, P.Q., Canada.

"Dear Sir,—We are in receipt of your valued favor of the 28th ult., and note that you are now prepared to show us detailed drawings of fuse parts.

"Mr. King is out of town for a day or two, but we will forward this information to him, and arrange to have him see you within a few days.

"Very truly,

E. E. ALLYN,

President."

"EEA-JP."  
(Part of Exhibit 310.)

"February 5, 1915.

"The Aluminum Castings Co.,  
Cleveland, O.

"Dear Sirs,—Replying to yours of the 1st regarding drawings and specifications of fuse parts, would advise that there has been no further action taken regarding this matter yet.

"Yours very truly."

"HAB/W."  
(Part of Exhibit 310.)

BENJAMIN F. YOAKUM.

[Benjamin F. Yoakum.]



"THE ALUMINUM CASTING Co."

"CLEVELAND, O., February 6, 1915.

"Colonel A. Bertram,  
"Chairman Shell Committee,  
"722 Drummond Building,  
"Montreal, P.Q.,  
"Canada.

"Dear Sir,—

"Your valued favour of January 28th, with a reference to fuse parts, was received in my absence and forwarded to me in New York.

"As per my conversation with you on the 4th, I understand you are not ready to go into this matter now, but will be next week. I will therefore make my plans to call upon you in Montreal on Wednesday the 10th inst. If this date will not be satisfactory to you, will you kindly wire at my expense, and I will change my plans accordingly.

"Thanking you for your letter, I am,

"Very truly,

"W. P. KING,  
"Vice-President."

"WPK/JP."

(Part of Exhibit 310.)

(The above five letters were marked as Exhibit No. 310.)

Mr. HELLMUTH: Apparently they are going to come and see them in Montreal on the 10th February; and then there seems to be nothing further among the files in regard to that.

Mr. STEWART: May I supplement my statement of a short time ago with regard to the papers; I said that every possible search had been made, and is being made; I stated further that so far I detected no gap. I want to add this, that nothing which has been discovered by any one has been held back.

Hon. Mr. DUFF: All right.

Mr. HELLMUTH: Then this document is a document which was sent by Surgeon General Fiset, Deputy Minister of Militia and Defence, to the Military Secretary to His Royal Highness on the 30th March, 1915. It enclosed a list in triplicate of the orders for ammunition now being executed for the British Government under the direction of the Shell Committee, and the list is attached. You see there was a gap between the 20th October, 1914, and July, 1915, and now we get that partly supplied there.

Hon. Mr. DUFF: You had better let Mr. Carvell understand what it is you are proposing.

Mr. HELLMUTH (after speaking to Mr. Carvell): I think, Mr. Commissioner, as Mr. Carvell quite properly says that this is a document which is marked as confidential, and I do not think that it is necessary as far as I can see that it should go in, but I think it might be noted that there was on March 30th, 1915, a communication sent of the list of orders received by cable from the War Office, London. That it seems to me would completely cover it.

Sir WILLIAM MEREDITH: Is that to the Governor General?

Mr. HELLMUTH: It was sent to the Military Secretary.

Mr. CARVELL: You might add to that, and the shipments up to that date.

Mr. HELLMUTH: Yes, and the shipments up to that date.

Mr. EWART: Sent by whom?

Mr. HELLMUTH: Sent to the War Office by the Deputy Minister of Militia through the Military Secretary of the Governor General.

Mr. CARVELL: That is all right.

Mr. HELLMUTH: I do not see any object of it going in.

Hon. Mr. DUFF: You remember a document that was put on the table before us, and about which there was some discussion——

Mr. HELLMUTH: The forty-one millions?

Hon. Mr. DUFF: Yes. I see that has gone in as an Exhibit. It never was received.

Mr. HELLMUTH: It had better be taken out.

Hon. Mr. DUFF: I think it should be understood that that is not part of the record as it stands.

Mr. EWART: But it is in the record, it is printed.

Hon. Mr. DUFF: Yes, but it is no part of the record, because it never was admitted in evidence, not only that, but it was stated afterwards it had not been admitted in evidence. Of course it was just put in front of Mr. Ritchie and it was really assumed at a certain time that it was going in.

Mr. EWART: To complete this discussion had we not better indicate, Mr. Commissioner Duff, the pages; they are pages 345, 346 and 347.

Hon. Mr. DUFF: It is the document which has the mark on it of Exhibit 251. It was marked by mistake and is no part of the record.

#### AFTERNOON SESSION.

THURSDAY, 18th day of May, 1916.

Mr. HELLMUTH: I will now call Mr. Allison.

Mr. HENDERSON: Before Mr. Allison is called, I think it is proper to say to the Commission that were it not for the exceptional importance of this inquiry there would be very serious doubts as to his physical ability to give evidence, that is to submit to any prolonged examination. Dr. R. W. Powell, who has been in charge of him for the last three weeks is here, and I propose to have him here during the course of the examination and I can only express the hope that Colonel Allison may not be kept in the box for any lengthy period at one time.

Mr. JOHNSTON: What do you call a lengthy period, two or three hours?

Mr. HELLMUTH: Would it not be better to see how the witness stands it.

Mr. HENDERSON: I think so.

Sir WILLIAM MEREDITH: Can not you trust him to say when he thinks he is exhausted.

Mr. HENDERSON: I understand that even that may be doubtful. The doctor will sit nearby.

Mr. JOHNSTON: Nobody wants to press a sick man.

Mr. HENDERSON: I do not think so, Mr. Johnston.

J. WESLEY ALLISON, sworn, examined.

*By Mr. Hellmuth:*

Q. Mr. Allison, you are a resident or formerly were a resident of Canada?—A. Yes, sir.

Q. I am going to ask you if you would just speak up as much as you can.—A. Yes, sir.

Q. And you lived where?—A. Morrisburg.

Q. And you still have a home there, have you not?—A. Yes, sir.

Q. What business or calling did you follow?—A. Farmer, agent and broker.

Q. Farmer, agent and broker, and was the farming done in Canada?—A. Both in Canada and the United States.

Q. And agent in both countries?—A. Yes, sir.

Q. And broker in both countries?—A. Yes, sir.

Q. So that these callings more or less overlapped, did they not? Is that right?—A. Yes, sir.

Q. That is to say, you did not give up farming for broking or broking for agency, but you did sometimes farm while you were broker and agent?—A. Yes, sir.

Q. When did you first leave Canada to follow any of those callings?—A. Oh, it is—

Q. About.—A. Thirty years.

Q. Thirty years ago?—A. Yes, sir.

Q. And where did you go to, New York?—A. New York.

Q. You were not doing much farming in New York?—A. No.

Q. Did you take up broking and act as a broker in New York about thirty years ago?—A. Yes, sir; I have always been speculating.

Q. Was your brokerage business then one merely of speculation, or did you put through transactions for other people?—A. Put through transactions for other people.

Q. And speculated on your own account?—A. Speculated on my own account; anything I could make money from.

Q. During that thirty years did you do any actual business—I mean had you any office or place of business in Canada during the last thirty years?—A. Yes, sir.

Q. Where was that?—A. I had an office more or less at Morrisburg. I had an office at one time for a while in Montreal.

Q. And have you partners in your Montreal office? I do not want to go into detail.—A. No, sir.

Q. You were by yourself?—A. By myself.

Q. Were you at the same time carrying on or having an office in New York?—A. Yes, sir.

Q. Was that an office with a partner, or by yourself?—A. Myself.

Q. So that the brokerage or agency business—may we group the two together in that way?—A. Yes, sir.

Q. The brokerage, or agency business, whether at Morrisburg or in New York, was carried on by yourself, and was it at that time—I am speaking of the distant period—for your sole benefit?—A. Yes, sir.

Q. You had no partner or associates?—A. No, sir.

Q. I see. Now, when did you first meet General Hughes?—A. Well, I cannot recall, it is so many years ago.

Q. A number of years ago?—A. Oh, yes; I met him in Toronto first.

Q. Did you do any business in Toronto itself?—A. In Toronto?

Q. Yes.—A. Oh, I have done business in Toronto, yes.

Q. Had you any business relationship with General Hughes as long ago as that?—A. Oh, no; this is personal—

Q. Acquaintance?—A. Personal acquaintance, that is all.

Q. Do you remember how you first came to meet him at all?—A. I do not recall.

Q. It is a long time ago?—A. Yes, sir.

Q. And you met him there. You think you met him first in Toronto, years ago?—A. Yes, sir.

Q. You said that then you had no business relationship with him. I will ask you now, if you at any time since had any business relationship in the way of agency or brokerage, or sharing in any profits or losses with General Hughes?—A. None whatever.

Q. No. Did you or the General ever suggest that there should be such a relationship?—A. Never.

Q. So I may take it that you were an acquaintance and a friend?—A. That is all.

Q. Wait a minute.—Of General Hughes for a great number of years?—A. Yes, sir.

Q. Is that correct?—A. Yes, sir.

Q. Well now, what business were you engaged in just prior to the war breaking out? I do not want the details.

Q. Were you in this brokerage business?—A. Yes.

Q. And agency business?—A. Yes, sir.

Q. Mainly in New York?—A. Yes, sir.

Q. And still on your own account before the war broke out?—A. Yes, sir.

Q. Is that right?—A. Yes, sir.

Q. Before the war broke out, had you any relations with Mr. Yoakum?—A. No.

Q. Did you know him?—A. Yes, sir.

Q. How long had you known Mr. Yoakum?—A. As near as I can remember I have known Mr. Yoakum for about 20 or 21 years.

Q. But you had no business relations with him? I am speaking now of before the 1st August 1914. A. No, sir.

Q. You had had no deals with him of any kind?—A. No, sir.

Q. Is that right?—A. Yes, sir.

Q. Then prior to that time, what dealing, if any had you with Mr. Cadwell?—A. I never knew Mr. Cadwell at all.

Q. Mr. Bassick?—A. Never knew him.

Q. Mr. Craven? I am speaking of before the war?—A. Never knew him.

Q. You did not know any of those three?—A. No.

Q. Mr. Lignanti?—A. About four or six weeks I should think before the war.

Q. What was the question or relationship with Mr. Lignanti some six weeks or more before the war?—A. He was trying to interest me in a patented process in which he had a large interest.

Q. He was trying to interest you in a patented process in which he had a large interest?—A. Yes, sir.

Q. Had you met him before that?—A. Never.

Q. Some six weeks—that would be about the middle of June 1914, you first came into connection with Mr. Lignanti—A. Yes, sir.

Q. Did you approach Mr. Lignanti or did he approach you?—A. I think he was sent to me by an acquaintance of his from Boston.

Q. Did he come to your office in New York?—A. He called at the office of Johnson, McConnell and Allison.

Q. You have not told me that there was a firm of Johnson, McConnell and Allison?—A. I am not the Allison that belonged to the firm.

Q. Is the Allison who belongs to that firm any connection of yours?—A. A cousin.

Q. Had you any business relations with that Mr. Allison; I mean any connection with the firm of Johnson, McConnell & Allison?—A. No, not directly.

Q. Well, do you assume that Mr. Lignanti went to this firm because he thought you were the Allison in it?—A. Oh no.

[J. Wesley Allison.]

Q. He was recommended then to go to that firm, is that it?—A. The Allison that was a member of that firm was lost on the Titanic. There was no Allison.

Q. How did Mr. Lignanti get to you?—A. He was sent to me by an acquaintance of mine in Boston that happened to know him.

Q. You said he went to that firm?—A. He called at the office of that firm to see me.

Q. You had gone down to the office of that firm?—A. Yes, sir.

Q. Had you desk room in that firm?—A. No, sir.

Q. You met Lignanti there for the first time, is that right?—A. Yes, sir.

Q. He wanted to interest you in this process. I am not very much interested in whether you were interested in it or not, but did you take up his proposition?—A. I became interested.

Q. Now, is that the only interest you had with Lignanti prior to the war?—A. Yes, sir.

Q. Did you know any of the members that you now know are members of the Shell Committee before the war?—A. No, sir.

Q. And of course you could not have known Col. Carnegie prior to the war because he was not here. Had you met him elsewhere?—A. No.

Q. I will not go through the other members if you say you did not know them.—A. I think I had met Mr. Watts a few years previously.

Q. But you had no relations with him?—A. Oh, no.

Q. Then, when the war broke out what did you do first in regard to interesting yourself in anything relating to the supply of munitions of war?—A. General Hughes sent for me.

Q. Yes?—A. And asked me to procure prices.

Q. Yes?—A. In the United States.

Q. Yes?—A. On the various things or articles mentioned in the cable that he had received from the British War Office.

Q. Then, may I take it that before you had yourself taken up any question of war munitions or supplies that you got word from General Hughes. Where were you when you got that word?—A. I met him at the Chateau Laurier.

Q. You met him at the Chateau Laurier?—A. Yes, sir.

Q. Could you give me the date of that meeting at all?—A. Some time in August.

Q. Remember, that war broke out or was practically declared between England and Germany and the Central Powers on the 4th of August. I think that was the date.—A. Some time in August.

Q. You cannot get any closer than that?—A. No, I cannot remember the date. The middle of August, I should think.

Q. I think you said he sent for you?—A. He asked me to come to the office.

Q. Oh, you were in Ottawa at the time?—A. I was in Ottawa at the time.

Q. And he asked you to come over to the office. What office, his own office?—A. His own office.

Q. Can you tell me, if not the exact words, the purport of that conversation with General Hughes?—A. He asked me if I would get the very lowest price I possibly could on horses, harness, blankets, saddles, and munitions of various kinds, mentioned in this cable.

Q. He read you the cable, did he?—A. Yes.

Q. Have you got that cable?—A. No sir.

Q. I am going to ask you why. Had you any special knowledge of those matters at that time?—A. General Hughes, I think, knew pretty well of my acquaintance in Washington.

Q. Oh, this was to be got from the United States?—A. All in the United States. I had nothing to do with anything in Canada.

Q. Wait a moment, I am afraid I will have to go into that a little more in detail at certain times.

Sir WILLIAM MEREDITH: I should say at uncertain times.

Mr. HELLMUTH: Yes, to fall in at the present with you, Mr. Commissioner.

Have you got that cablegram here, Mr. Ewart?

Mr. EWART: I have never heard of it, but I will have a search made for it.

Mr. HELLMUTH: Q. I must ask you to go back a little. What had you been doing in Washington that you would have an acquaintanceship with what could be got in the United States?—A. You mean now the manner in which General Hughes knew?

Q. Yes.—A. I was opposing a Bill to dam the St. Lawrence river and at the time I had been working on this legislation for quite a few years, and General Hughes was about the only person in Canada who gave me material assistance.

Q. Yes?—A. And while he was in Washington aiding me in that legislation he became acquainted with a number of the people I was acquainted with there. That is how he came to know that I knew the officials of the United States government.

Q. I see, you had become acquainted with the officials of the United States government. How long were you there opposing this Bill for the damming of the St. Lawrence?—A. Off and on two or three years.

Q. It was not a matter of merely a few weeks?—A. Oh, no.

Q. And during those two or three years, General Hughes himself was in Washington, was he not?—A. Yes, sir, he came there too.

Q. And as you have said he was—I suppose I am putting it fairly—taking the same view of the matter in regard to the damming of the St. Lawrence that you were taking?—A. Yes, sir, General Hughes had gone down the St. Lawrence himself with experts gathering knowledge that was of material use to me in my work there.

Q. And he gave you that assistance?—A. Yes, sir.

Q. Was that assistance gratuitous or was it paid for?—A. Oh it was all as a friend.

Q. You gave him nothing for it?—A. He spent a great deal of money himself in connection with this.

Q. Who were you acting for in opposing that Bill?—A. I was doing it personally, I was not acting for anybody at that time.

Q. Had you any interests?—A. Yes, sir.

Q. What was that?—A. Our island home would have been destroyed if the St. Lawrence river had been dammed below.

Q. So, really it was your own property that you thought would be effected by this dam?—A. Eventually.

Q. May I say that it was not merely a political or patriotic motive that caused you to try to stop the damming of the St. Lawrence?—A. Eventually it was.

Q. But at the start.—A. No.

Q. It was to save Mr. Allison's property?—A. And the town of Morrisburg as well as the town of Waddington, in the state of New York. I had petitions and that sort of thing.

Q. You made it your business in regard to that matter to be the chief opponent of the Bill, so far as you could.—A. Yes, sir.

Q. And it was in that connection that General Hughes gave you assistance. Is that right?—A. Yes, sir.

Q. And by being present in Washington when you were there or part of the time you were there, he learned of your acquaintanceship with government officials in Ottawa?—A. In Washington.

Q. In Washington? Then, you say the General knew of those acquaintances that you had made and he asked you to find out about the prices for these things?—A. Yes, sir.

Q. Now, at that time what was suggested in regard to your pay for doing that by the General?—A. Not a thing.

• [J. Wesley Allison.]

Q. Wasn't Mr. Allison looking for any remuneration?—A. Not from General Hughes.

Q. I see, not from General Hughes.

Sir WILLIAM MEREDITH: What does that mean?

Mr. HELLMUTH: Q. What does that mean? Did you mean that you expected the Government or the War Office through General Hughes, to pay you?—A. No, I was getting this information for General Hughes personally.

Q. And you did not expect anything from him for getting it?—A. No.

Q. Then did you follow that up by making inquiries in Washington in regard to these various supplies that the General had spoken to you about?—A. More in New York.

Q. More in New York?—A. After I found out in Washington who the Government there had been dealing with.

Q. When you say, "Who the Government there" do you mean that the United States government had been dealing with?—A. Yes, manufacturing concerns.

Q. You wanted to find out who were the concerns in the United States that had been supplying these goods or similar goods to the United States government?—A. Yes, sir.

Q. Did you ascertain that in Washington?—A. I got a great deal of information.

Q. Then you went to New York to see the people who you found had been making the supplies, manufacturers and others?—A. Many of them.

Mr. MARKEY: Went to Washington.

Mr. HELLMUTH: He went to Washington, and then came back to New York.

Q. Did you see many of those people in New York?—A. Yes, sir.

Q. Did you get prices from them?—A. Yes, sir.

Q. Did you make any arrangements with those manufacturers or people that you saw in New York as to their remunerating you if they got a contract?—A. No, sir.

Q. With none of them?—A. Not for Canada.

Q. I am speaking of what you were doing for General Hughes.—A. No, not at that time.

Q. Did you at that time suggest to those manufacturers that if they could get supplies from Canada or through Canada—

General Sir SAM HUGHES: For Canada.

Mr. HELLMUTH: For Canada, quite right.

Q. Did you suggest that they might be able to send supplies direct to Great Britain and the Allies and get other contracts? Did you suggest that to any of these people at that time?—A. I hate to ask you to repeat it, but—

Q. I will, certainly, and whenever you don't understand the question do not mind asking. I want you to understand what I am asking, that is the main thing.

You said that you saw many manufacturers and others in New York in reference to supplying the articles that General Hughes had told you of in the cable, and that you made no arrangement with them whatever in regard to any commissions if they should get contracts or furnish these supplies for Canada. Is that right?—A. Yes, sir.

Sir WILLIAM MEREDITH: It is a little obscure, whether there were other things besides those mentioned in the cable. Were all the things he was to get prices for mentioned in this cable.

Mr. HELLMUTH: Were all the things that you were requested to get prices for mentioned in the cable that General Hughes showed you from the War Office, or were there other articles you were to get supplies for?—A. He told me to get the prices on everything that I could, that I thought would be required, either mentioned in the cable or outside of it. It was general.

Q. I mean he did not confine you specifically to getting supplies—

General Sir SAM HUGHES: Getting prices.

Mr. HELLMUTH: Yes, getting prices.

Q. Did you ask for prices on things other than those mentioned in the cable?—

A. Oh, I think so.

Q. Did you take a copy of a memorandum of what was asked for in this cable?—

A. Oh, I think I did, I am not sure.

Q. How would you carry in your head without such a memorandum what all those articles were?—A. It would not be very difficult.

Q. I am going to again trouble you to speak a little louder, if you can.

Sir WILLIAM MEREDITH: Were there any munitions in that—arms or ammunition?

Mr. HELLMUTH: Were there any arms and ammunition in that, or was it merely horses, clothing, and that kind of thing?—A. Yes, there was arms.

Q. And ammunition?—A. And ammunition.

Q. Do you remember what the arms were, or the munitions?—A. Cartridges.

Q. Did you get prices?—A. Yes. I got prices on some of the things, others I started, arranged to have the information furnished to me as soon as procurable.

Hon. Mr. DUFF: It is not quite clear to me whether these were articles for Canada, or whether the War Office was furnishing them through General Hughes.

Mr. HELLMUTH: Can you tell me whether the War Office was requesting these things through General Hughes, or whether the War Office was suggesting to General Hughes that he should get these things in Canada?—A. I think the War Office was trying to ascertain if those things were procurable in the United States, and to get prices.

Q. But you do not know whether they were for Canada or not; they wanted to know whether they were procurable in the United States?—A. I don't think they were procurable in Canada at all.

Q. Did the cables say, as you recollect, that he was to ascertain the prices in the United States for these things?—A. I don't remember.

Q. We will try and get the cables. However, you did ascertain some prices, and it would be fair to say you put in train inquiries so as to get other prices?—A. That is right.

Q. Did you—I am asking you again—when seeing the several parties from whom you were getting prices and endeavouring to get prices, suggest to them at that time anything in regard to any remuneration of any kind for yourself?—A. No, sir.

Q. Did you suggest to them that you might be the means of getting contracts for them in the future, out of which you should receive something—at that time?—A. No, sir.

Q. You did not?—A. No, sir.

Q. Having got some information at all events, did you report to General Hughes?—A. Yes, sir.

Q. Where was that report made, was it made in Canada; did you come to Canada, or did you write him?—A. I think I came up here to see General Hughes either in Ottawa or at Valcartier; I am not sure which, but I think it was Ottawa.

Q. Do you think you came to see General Hughes in Ottawa; did you tell him—I assume you must have—what you had ascertained in regard to prices? I do not want to go into the particulars, but did you do that?—A. Yes, sir.

Q. Did you tell him that in regard to some of the matters you had put some machinery in motion in order to procure further information in regard to prices?—A. Yes.

Q. Are you clear as to that?—A. Yes, sir.

Q. Did you make the reports in writing?—A. No, sir.

Q. Did you make any reports in writing to General Hughes?—A. No, sir.

Sir WILLIAM MEREDITH: Did General Hughes' stenographer take it down?

Mr. HELLMUTH: Was General Hughes' stenographer present when you were reporting to him?—A. I don't think so.

[J. Wesley Allison.]



Q. Did General Hughes make any notes in your presence?—A. I do not remember.

Q. Mr. Allison, let me say what I have said to some other witnesses. I do not want any suggesting, if you can give me your recollection. Please do not argue in your own mind whether something might have happened or might not have happened, because it may or it may not have happened. According to your best recollection answer my questions. Will you bear that in mind?—A. Yes, sir.

Q. Is it a fact that you cannot tax your memory as to the fact whether General Hughes did or did not make notes?—A. I do not remember the General making any notes at that time.

Q. I am speaking of the first report, of course. About how long would the interval be between the time General Hughes read to you the cable from the War Office and the time when you saw him again in Ottawa; would it be weeks, or days?—A. Oh, it was only a few days.

Q. You went at once to Washington?—A. Yes.

Q. Then to New York?—A. Yes, sir.

Q. And then back?—A. Yes.

Q. And it was all done within a few days; is that right?—A. Yes, sir.

Q. Still possibly in August, was it?—A. Yes.

Q. What was the result so far as you were concerned of the interview you had with General Hughes when you gave him this information?—A. I am not quite sure as to this, but I think General Hughes asked me at that time if I could act on the Committee with General Drain of Washington, to procure information and purchase if required for the British War Office, in the United States, and he suggested that he intended to recommend also the naming of two or three more to look after that business in Canada.

Q. Were you put on the Canadian end?—A. No, sir.

Q. He suggested your becoming associated with General Drain for the purchase in the United States; is that right, Mr. Allison?—A. Yes.

Q. Did you accede to that idea, did you accept it?—A. Subject to the approval of the War Office, I think. I don't remember.

Q. It was only a suggestion?—A. It was only a suggestion.

Q. If the War Office was willing, did you say—with the approval of the War Office?—A. Yes.

Q. Was that carried out?—A. No.

Q. Did you have anything at that time further to do with General Hughes in regard to this question of supplies?—A. Yes. He asked me to get prices on cartridges, which I went back to New York and did work on.

Q. You worked on getting prices of cartridges?—A. Yes.

Q. Not cartridge cases, but cartridges?—A. Yes, small cartridges.

Q. Did you get prices in New York?—A. Yes, sir.

Q. When you were getting those prices in New York, what arrangement if any did you make or suggest to the party or parties from whom you were getting the information as to your being remunerated?—A. Nothing, at that time.

Q. You obtained the information, or some information, I assume, didn't you?—A. I got prices.

Q. Did you come back and report?—A. I reported either by telephone or personally to General Hughes.

Q. That would be your telephone from New York?—A. Yes.

Q. Either personally by meeting him in New York, or by coming here, which was it?—A. I did not meet him in New York.

Q. Then it was personally, here?—A. Yes.

Q. Did anything come of that?—A. Yes, sir.

Q. What came of it?—A. The British Government made contracts for the purchase of cartridges.

Q. Through the people you had seen, or with the people you had seen?—A. Yes.

Q. Through the people you had seen or with the people you had seen the British Government made contracts for the purchase?—A. Yes.

Q. Was that shortly after you had reported?—A. It was some days after that, some time.

Q. But not months after?—A. No.

Q. And when those contracts were made, did you obtain any remuneration or commission from the people in the United States who had made those contracts?—A. Not at that time, no.

Q. Had you any arrangement at that time with them?—A. No.

Q. Did you contemplate at that time getting some remuneration or commission from the people whom you had brought into touch with the War Office or General Hughes to supply cartridges; did you contemplate at that time—you said you made no arrangement—did you contemplate at that time remuneration to yourself?—A. On nothing that General Hughes would purchase for Canada.

Q. I am not dealing with that. These were not purchases for Canada, as I understand, or were they?—A. No.

Q. That is what I am asking you. Did you contemplate at that time, when these cartridges were to be purchased for England, for Great Britain, getting any remuneration yourself from the people who were selling?—A. Not at that time.

Q. And you spoke nothing about it?

Sir WILLIAM MEREDITH: What does he mean by a contract with the War Office through General Hughes?

Mr. HELLMUTH: Was it made direct with the War Office, or through General Hughes?—A. I think it was General Hughes made the contracts, or was to look after the contracts, or to make the contracts. I had nothing to do with it after that.

Q. You know how the contracts were made? Were they made with General Hughes or made direct with the War Office? Did General Hughes put the War Office in touch, can you tell me how that was?—A. There was only one made I think through General Hughes.

Q. A contract made with General Hughes?—A. Not at that time. There was a question then whether the manufacturers could take any contracts at all.

Q. There was no contract then made at that time?—A. No.

Q. I understood from you that within a short time after you were there a contract was made with somebody whom you had seen, with either General Hughes or the War Office, for cartridges; that is what I understood?—A. Well, it was some considerable time after this day I speak of.

Hon. Mr. DUFF: After the day you reported?—A. Yes, sir.

Mr. HELLMUTH: You say "considerable," but "considerable" is such a varying word that I would like you to put it into either days, weeks or months?—A. It would be weeks, I should think.

Q. Weeks?—A. I should think so, but I am not sure.

Q. Did you have anything to do, Mr. Allison? Perhaps you will be able to answer this—did you have anything to do with or any knowledge of exactly between whom the contracts were made; you knew American manufacturers, of course; did you know with whom he entered into the contract?—A. Eventually it was for Great Britain.

Q. I know who it was for, I understand that. But do you know whether the contract was entered into with His Majesty's Secretary for War in Great Britain, or was it entered into with General Hughes representing His Majesty's Secretary for War?—A. General Hughes representing.

Q. You know that General Hughes did represent?—A. I think so, yes.

Q. Did you see the contract?—A. I don't think so.

Q. The legal document, the contract, did you see it?—A. I don't think so.

Mr. JOHNSTON: Haven't you a copy of it somewhere?

[J. Wesley Allison.]

Mr. HELLMUTH: That went to the War Office. I don't think I ever saw it.

Q. Are you guessing, Mr. Allison?—A. I have no knowledge. I cannot recall ever having seen it.

Q. If you cannot recall ever having seen it, how do you know whether the contract was not made with General Hughes representing the Secretary for War, or whether it was not made direct with somebody in England, either the Secretary for War or somebody else. How do you know, if you did not see the contract; who told you?—A. Why, the manufacturers and General Hughes.

Q. Now we get to something solid. The manufacturers and General Hughes told you that this contract, which was signed some weeks after for those cartridges, was made between the manufacturer and General Hughes representing the Secretary for War for Great Britain?—A. Yes, sir.

Q. And therefore you concluded that it was for munitions for Great Britain?—A. Yes, sir.

Q. Let me understand what you mean now by munitions or supplies for Canada. First of all, perhaps I can suggest to you something. If arms or munitions were for Canada or Canada's army, that unquestionably would be Canadian, wouldn't it?—A. Yes, sir.

Q. Do you draw a distinction when you say for Canada that if cartridges were ordered to be sent direct to England that that would not be Canadian business; is that the distinction you draw?—A. Yes, sir.

Q. But if the munitions were to be sent, let us say to Canada, to be used by Canada, wouldn't that be Canadian business; if munitions were ordered to be sent to Canada, wouldn't that be Canadian business?—A. I should think so.

Sir WILLIAM MEREDITH: It is very plain what he means—things that were purchased by the War Office, not by Canada or by General Hughes representing the War Office.

Mr. HELLMUTH: Is that your idea, as the Commissioner has stated; things that were purchased by Great Britain or by General Hughes representing Great Britain you do not call Canadian business; is that right?—A. Yes, sir.

Mr. HENDERSON: Mr. Hellmuth, there was the equipment of the first expeditionary force, for instance.

Mr. HELLMUTH: Would this be correct, that anything that went into the equipment of the Canadian force, the Canadian expeditionary force, you would look upon as Canadian, surely.—A. Yes, sir.

Hon. Mr. DUFF: That only confuses it.

Sir WILLIAM MEREDITH: Anything that was bought by the Canadian Government as the Canadian Government.

Hon. Mr. DUFF: The distinction the witness draws is plain enough, the things bought by the Canadian Government for the Canadian army was Canadian business, and anything purchased by Great Britain or by General Hughes representing Great Britain was not Canadian business.

Mr. HELLMUTH: Is that so?—A. Yes, sir.

Q. Now, Colonel Allison, we have got to this particular contract, I mean the cartridge contract, and you have said that at that time you did not contemplate or arrange (and I take it that you mean at the time of the contract itself) you did not arrange for any remuneration for yourself?—A. Not at that time, no.

Q. Just tracing that one contract, did you subsequently arrange for any remuneration for yourself in regard to that contract, the first contract of all I understand in which you had any hand, that cartridge contract?—A. The cartridge contract was not the first contract.

Q. You see I thought it was?—A. No.

Q. What was the first contract then?

Hon. Mr. DUFF: The first contract after the report, you mean?

Mr. HELLMUTH: The first contract after the report?—A. I am not sure whether the cartridge contract was before the purchase of pistols from the Colt Company, or after that.

Q. I am not going to pin you down to which was first, because that is immaterial; but about the same time there was another contract, is that right?—A. Yes, sir.

Q. And was that other contract at least as you understood it for the same people, that is, the War Office in Great Britain?—A. No. The pistols purchased by General Hughes from the Colt Company, as I understood it, were for Canada.

Q. That is what you call Canadian business?—A. Yes, sir.

Q. Leaving out the Colt purchase, in regard to this purchase of cartridges, which was for the British Government, did you at any time arrange for or receive a commission in regard to it?—A. After the question as to whether I should—yes, I did, subsequently.

Q. Was that very shortly after, or shall we come to that as we follow up other matters; are there other matters between—how long after?—A. Oh, I don't remember.

Q. Was it months after?—A. I don't remember. Not long.

Q. We might as well have it now, how that came to be arranged; did you see the manufacturers?—A. Well, I don't want to—I do not understand that that question is a subject of this inquiry, and I do not want to involve anybody, any officers, outside of this country.

Q. At all events, you did get a commission on it?—A. Yes, sir.

Mr. JOHNSTON: The question does not involve anything.

Mr. HELLMUTH: He says he got a commission.

Q. You say that was not long after?—A. That I got a commission?

Q. Yes.—A. It was a long time after that.

Q. It was not long after the time you made the arrangement to get a commission, was it?—A. Oh, yes.

Q. You did get a commission in November?

Hon. Mr. DUFF: One moment. He was asked whether he did make an arrangement for a commission with the sellers, and he said there was an arrangement.

Mr. HELLMUTH: Was the arrangement made with the people who had sold those cartridges; was it they who paid you the commission?—A. Yes, sir.

Hon. Mr. DUFF: You asked him two questions, and I don't know whether the answer applies to both of them or not.

Q. First you made arrangement with the sellers?—A. Yes, sir.

Mr. HELLMUTH: And you got the commission from the sellers?—A. Yes, sir.

Q. Would they be any officers of any Government, or are they only officers of a corporation; is that what you mean? I am not desirous of going into matters that are not within the scope of the commission at all, Mr. Allison, but I want to know whether these people with whom you made the arrangement you told me of, the people with whom you made the arrangement were manufacturers or representatives of them and the people from whom you got the commission were the manufacturers or representatives of the firms who sold cartridges; is that so?—A. Yes.

Q. Those officers would not be officers of the American Government?—A. I don't care to—

Q. You do not care to mention who they were?—A. No, sir.

Mr. JOHNSTON: I think it is rather important that we should know. There is no secrecy about this thing.

Mr. MARKEY: We know.

[J. Wesley Allison.]

Mr. HENDERSON: Mr. Markey says he knows.

Mr. MARKEY: But the public don't know.

Mr. JOHNSTON: I think we ought to know that, and the amount.

Mr. HENDERSON: If we ought to know, I am going to ask for a ruling whether Mr. Allison ought to disclose that or not.

Sir WILLIAM MEREDITH: I do not understand that he is objecting to tell who the manufacturers are, the persons from whom the cartridges were bought.

WITNESS: They were bought from the Remington Arms Company, the Winchester Arms Company in the United States. They were all in a big group. We had arranged at a very low price, several dollars below the market at that time.

Mr. HENDERSON: Colonel Allison had certain associates in making the arrangements, and their names he does not want to disclose.

Mr. HELLMUTH: Did the commission that came about come about from the group of people who have sold those cartridges?—A. Yes, sir.

Q. Although it was some of your associates who also shared in it, I assume, is that right—or were you alone in the commission?—A. I shared what I got with another man.

Sir SAM HUGHES: Ask him, was I one of them?

Mr. HELLMUTH: First of all I am going to ask you this: Had General Hughes any part or parcel in the commission that you received or your associates received, so far as you know?—A. Never at all. He never knew anything about it.

Q. Did you tell him you were getting a commission?—A. I did not.

Q. Or advise him that you were getting any commission?—A. I did not.

Q. Passing that particular contract, that cartridge contract, you say there was a contract—

Sir WILLIAM MEREDITH: Did anybody in Canada? Extend your inquiry.

Mr. HELLMUTH: Did anybody in Canada share in that?—A. Not at all.

Q. The only Canadian was yourself?—A. The only Canadian was myself.

Mr. JOHNSTON: What did he get? It may not be of any consequence; it may be only a small amount.

Mr. HELLMUTH: Is there any reason why we should not know what your share at least of that commission was? Is there any objection, to you telling what your share of the commission was?

Mr. HENDERSON: I should think so.

WITNESS: I do not propose to give any of my private business here at all.

Mr. HENDERSON: Of course he will submit to the direction of the Commission?

Mr. JOHNSTON: The amount is the gravamen of the whole thing, I should think.

Sir WILLIAM MEREDITH: I don't think he need answer that.

Mr. HELLMUTH: I have now a cablegram which I think ought to go in at this stage. It is paraphrased, and it is dated 16/5/14, which would be I suppose the 16th of May. There must be something wrong there. The answer is dated 29/9/14, so it must have been the ninth month, which would be September.

Sir WILLIAM MEREDITH: What date in September?

Mr. HELLMUTH: The answer is 29/9/14, which would be the 29th of September, so it could hardly be a reply.

Mr. JOHNSTON: It is a matter of no moment anyway

Mr. HENDERSON: Sir Sam Hughes says there were dozens of those telegrams.

Mr. HELLMUTH: It is clearly September. I do not think this is a reply which Colonel Allison saw in the first place. I will put these in now and we will get the earlier ones.

*"Paraphrase."*

"Minister of Militia,  
"Ottawa.

"1069 Cipher. Your telegraphic offer cipher No. 129 of the 15th. Of clothing, the following items are urgently needed. Lumbermen's waistcoats, cardigans, warm drawers, flannel shirts and two hundred thousand pairs each of socks and ankle boots, all drab serge for trousers and service dress, jackets and trousers and drab cloth for great coats which can be bought and sent forward at once.

"All material to be 56 inches wide and weight approximate, serge for jackets 18 to 21 ounce, tartan for trousers 22 to 24 ounce, greatcoat cloth 33 ounce, also blankets 60 in. by 90 in. if possible, but not less than 54 in. by 78 in., weight not less than 4 lbs. all that can be delivered by December 31.

"Complete sets of saddlery any pattern suitable for military purposes all that can be delivered up to 5,000 sets by December 31.

"All the horse rugs that can be delivered by December 31 up to 200,000.

"All horse collars that can be delivered by same date up to 30,000.

"Harness pole draught G.S. any complete sets for six horse teams that can be delivered by 31st December.

"You will arrange it is understood to have all inspected and passed as fit for service.

"As much as possible to be shipped with vessels bringing Canadian Contingent and balance as early as possible afterwards.

"Please wire to-day supply that may be expected and quantity shipped with the Contingent.

"TROOPERS."

"Received 8.25 p.m.  
"and sheets 9 p.m.  
"16/9/14."

(Part of Exhibit 311.)

"H.Q. 54-21-6-1.

"To: Troopers,  
London,  
England.

"With reference to your telegram of the 16th September, No. 1069, arrangements cannot be made for shipment for any supplies with Contingent, but could ship within fortnight of orders given following quantities:—

"Sixty thousand flannel shirts at an average of \$16 per dozen. 55,000 coat sweaters and cardigans at an average of \$18. Woollen socks, 75,000 pairs at an average of \$2.50 a dozen. Underclothing, 100,000 suits at an average of \$9 a dozen.

"From seven to ten times these quantities in ten weeks, also in ten weeks deliveries beginning October 15, 100,000 yard drab serge in two weights for jackets and trousers, prices \$1.50 and \$1.70 per yard, 56 inch wide your weights.

"Universal saddlery, possibly 4,000 sets, price \$45 with blankets. Artillery harness lead and wheel, possibly 3,500 sets at an average price of \$80. Horse rugs, about 100,000 at \$4. Can furnish a considerable quantity of blankets from existing available stocks of various dimensions, weights and qualities, generally inferior but serviceable and cheaper than Canadian Militia blankets, prices ranging from 25 cents to 70 cents per pound.

[J. Wesley Allison.]

"Could furnish 400,000 pairs of boots in ten weeks, shipment beginning October 15, either Canadian Militia, pattern brown winter calf, Goodyear welt, at \$3.85, or black side leather, standard screw style, about \$3.25.

"If authorized immediately will arrange, earliest possible shipment.

"HUGHES."

"29-9-14."

(Filed as Exhibit 311.)

Q. After this contract or arrangements for this contract in regard to cartridges, what was the next occasion on which you saw General Hughes in regard to any munitions or supplies; what was it; I am passing by for the moment the Colt contract. Isn't that a contract that is being investigated before Sir Charles Davidson?—A. Yes, sir. I did not see very much of General Hughes. He was a very busy man, and was not here very much.

Q. Did you arrange any other contracts about that time with or through General Hughes, or for him, about that time?—A. The only thing I had to do with General Hughes was arranging to get the material that had been purchased in the United States into Canada for shipment abroad. The manufacturers in the United States at that time would not take a contract from Canada, on account of the neutrality law as they understood it.

Q. Is that what is called contraband?—A. That is contraband.

Q. That is also being investigated?—A. Yes.

Mr. HENDERSON: Only one item of it.

Mr. HELLMUTH: At all events were you in regard to that matter paid by General Hughes for your services?—A. No.

Q. Had you any arrangement for remuneration for your services, or commission?—A. No.

Q. Had you any arrangement in regard to getting those supplies in, and if so, what, with any person in Canada?—A. No.

Q. Passing then the question of the stuff that was brought into Canada from American firms, what was the next thing you can call to mind as having arranged with General Hughes?—A. Nothing.

Q. At that time?—A. Nothing.

Q. Did you then leave this country and go abroad, and if so about when was that—I mean leaving this continent, the United States or Canada?—A. I left New York some time about the 12th of October, 1914.

Q. It was only a couple of months after war had been declared that you left New York for Europe; is that right?—A. Yes.

Q. Before you left New York for Europe had you entered into any arrangement with anybody, first of all in Canada, in regard to business arrangements for the supply of munitions or securing contracts in regard to supplies or munitions?—A. None whatever.

Q. That is, in Canada?—A. None whatever.

Q. Had you made any arrangements at that time when you were sailing and up to the time you sailed with any one in the United States to enter into arrangements?—A. I don't know just what you mean by that. Do you mean that I arranged with the manufacturers in the United States to sell their products if I could in Europe?

Q. Yes?—A. Or do you mean that I arranged with somebody in Canada to join me?

Q. I have asked you about whether you arranged with anybody in Canada to join you in any enterprise at all?—A. None whatever.

Q. Had you made arrangements with manufacturers or others in the United States, associates or manufacturers, that you would go to Europe and do what you

could do with regard to supplies there, and share with them in anything you could get—I am not asking you the terms of it—but had you made any such arrangement?—A. No.

Q. Were you going over, Mr. Allison, in order to find out how matters lay in regard to munitions and supplies, and to see what in a business way there might be in it for you if you could arrange it?—A. I had options from many of the manufacturers of the United States for their products, and offered their products to the various countries of the Allies. I don't understand your question.

Q. I am going to make it clear. When you left New York first of all you were not going merely on a pleasure trip to Europe?—A. No, sir.

Q. Before you had left New York you had seen some manufacturer or manufacturers in the United States, and you had obtained options from them and prices at which they would sell, shall I say supplies and munitions?—A. Yes, sir.

Q. And those were I suppose in writing, some in writing I suppose—or were they all verbal?—A. There was very few of them in writing.

Q. They were burned, were they?—A. I had very little business with the American people in writing, I did not have to.

Q. They were verbal options—is that it?—A. Most of them.

Q. And with those options, with those promises as to what these manufacturers could and would supply munitions and other articles for, you went off to Europe to see what you could do with the authorities in the various countries of the Allies; to dispose of them at that price or at the prices they had named; is that right?—A. Yes, sir.

Q. And of course I may assume that if you did so dispose of them you would on such as you disposed of get remuneration?—A. Yes, sir.

Q. That remuneration would come from the particular manufacturer whose goods were disposed of?—A. Yes, sir.

Hon. Mr. DUFF: Options, he said.

Mr. HELLMUTH: Were they going to pay you a commission as well on those prices?—A. I always got my commission from the manufacturer.

Q. The option simply meant—let me understand if I am right, and correct me if I am wrong—that you could offer to either Great Britain or France, or perhaps Russia an article at a certain price?—A. Yes.

Q. And if that price were obtained, you would get a commission on it from the manufacturer here?—A. Yes, sir.

Q. It was not that you would sell it to them at a higher price and get the difference; is that it?—A. No, sir.

Q. So that you had what you thought would enable you to make more or less firm quotations to the authorities in the different countries of the Allies for certain goods; you went with that purpose and so far as Mr. Allison was concerned, there was a commission coming to him if he got rid of any of those goods at those prices?—A. Yes, sir.

Q. Were you trying to get any higher prices than the prices the manufacturers had quoted to you?—A. I always submitted the prices given to me by the manufacturer.

Q. Then you did go to what countries?—A. England, France, Belgium and Italy.

Q. You did not go to Russia?—A. No, sir.

Q. But you went to those four of the Allies?—A. Yes, sir.

Mr. HENDERSON: He sent an agent to Russia.

Mr. HELLMUTH: Did you send anyone on your behalf to Russia?—A. Yes, sir.

Q. So that practically you covered all the countries that were at war with the Central Powers by yourself and your agents?—A. Yes, sir.

Q. And, without going into particulars, did you succeed in making any sales to any of these various countries of the goods upon which you had option from American manufacturers?—A. No, I don't think so.

[J. Wesley Allison.]



Q. You don't think you made any?—A. No. I submitted prices to the Director of Contracts for Great Britain of the manufacturers in the United States. They did not exercise, or did not avail themselves of the prices at that time, but later on I understand many of these manufacturers sold to Great Britain their entire output, and France, for a very much higher price, probably 20, 22 or 23 per cent.

Q. Higher?—A. Yes, than I offered.

Q. But you did not consummate any deals in regard to these matters while you were there?—A. No, not with these manufacturers.

Q. Just before I go on with that, did your agent who went to Russia consummate any deal there?—A. Yes, sir. He went to Russia to sell—I am not sure as to the number, but it was between 500,000 and a million rifles.

Q. From the States?—A. No, not from the States.

Q. Where from?—A. I do not care to give that information. From another Government.

Q. Was it from Canada?—A. No, sir.

Mr. HELLMUTH: At all events this agent did go to Russia?—A. Yes, sir.

Q. And did he consummate a deal?—A. Yes, sir.

Q. And can you tell me whether you can get any closer than five hundred thousand to a million as to the deal he actually consummated?—A. He closed a deal for munitions of another nature.

Q. He did not close the rifle deal?—A. No, he did not.

Q. I thought you said he had?—A. No; the reason he did not close the rifle deal was because he could not get the requisite amount of cartridges necessary for this particular rifle. Upon examination of the rifles—I am only offering this as an explanation—and the cartridges with this Government that they thought they could dispose of, upon examination of the cartridges they were found to be so defective that they did not close the contract.

Mr. NESBITT: What do you mean by this Government, not the Canadian Government?—A. No.

Mr. HELLMUTH: This particular unnamed foreign country?—A. I am perfectly willing to give the Commissioners the name and every detail, in fact I can show them the contract, but nobody else.

Q. We do not want to go into it; all you say is the agent who went over failed on that, but something else turned up that he did not fail on?—A. He came back with a contract for over thirty million dollars worth of munitions in another matter.

Q. I think we know something about that contract. I wonder he did not make you change places with him; he was only your agent at that time, and he was the only one who seems to have accomplished anything at that moment. You had failed in the contracts you had gone over to place, and he had succeeded, was not that so?—A. Yes.

Q. Did he stand loyally to his arrangement with you, or were you to share in any commission you got on that thirty million order?—A. He carried out every condition.

Q. Of the arrangement you had?—A. Of the arrangement that I had with him with regard to that order.

Q. And again, I do not know that it is material as to amount, but did you get your commission on that thirty million order sold to Russia?—A. I will get it eventually; I have not had a cent yet.

Q. That is a little more than a prospect, is it not?—A. Oh yes, that is.

Q. It is going to materialize, at least you assume so?—A. I hope so.

Q. Did you remain in England?

Hon. Mr. DUFF: Was this agent a Canadian?

Mr. HELLMUTH: Was this agent a Canadian?—A. Yes, sir.

Mr. HENDERSON: He has been named—Colonel Mackie.

Mr. HELLMUTH: Who was he?—A. Colonel Mackie.

Q. You stayed on, did you not, for some time, that is to say you went over in October and you stayed in Europe until some time in the end of January or beginning of February?—A. Yes, sir, the latter part of January.

Q. And although you told me that you did not yourself place any of the orders for the goods upon which you had options, did you not enter into negotiations there looking to future business?—A. Yes, sir.

Q. There is no question about that, and may I ask you whether you did not see a number of officials of the War Office then?—A. Yes, sir.

Q. And did you consider from your standpoint that you had sowed the seeds for business that was likely to bring in fairly good returns eventually?—A. Yes, sir.

Q. That was your view was it not?—A. Yes, sir.

Q. You did not come back a discouraged man that you could not do anything over there, that was not your view, was it?—A. I did a great deal over there; it is not pertaining to this inquiry I think—I could of course give you an awful lot of information as to what did take place in regard to the manufacturing and supply of munitions, but I think it is of too delicate a nature for me to give you the information that I think you are leading up to.

Q. No; again you misunderstand. I am not asking to go into the transactions or the business you did; I want to get from you, and I think if you would just bring your mind to this you will see, I want to get from you that when you came back to this country you did not come back as a man who was going to throw up the game, but you were going on with it?—A. Yes, sir.

Q. That is all I wanted to know at the present time; when we come to any stile I will cross it then. Then did you see General Hughes shortly after you came back?—A. No, it was some time after I came back.

Q. When you first saw him after you came back did you tell him that you had been trying to do business over there on a commission basis?—A. I do not remember as to my making the statement in the way you put it.

Q. What did you tell him; did you see General Hughes while you were in England or in London?—A. Yes, sir.

Q. Did General Hughes know then that you were carrying on that business?—A. I think so. I did not tell him, but I think he did.

Q. You did not discuss business matters with him, is that what you mean?—A. I have always been, every time and every occasion that I saw General Hughes I gave him whatever information that I could that I thought he would be interested in, and that is about—

Q. I understand that; did you think he would be interested in the personal equation as to what moneys you expected to make out of these matters?—A. Not at all.

Q. Did you discuss with him what commissions you might make in that way?—A. I do not think so, no recollection of it.

Q. Had General Hughes anything to do, any connection with your business there or any commissions you might make?—A. None whatever.

Q. Did he know—I assume he did know then from what you say—did he know you were looking into and taking a somewhat active part in regard to supply of munitions and other articles for the war, did he know that?—A. I think so.

Q. You assumed he did, I suppose?—A. I think so.

Q. You were not there merely to have a good time in London?—A. I remember many occasions he has asked me what rainbows we were chasing now.

Mr. JOHNSTON: With a cup of gold at the end.

Mr. HELLMUTH: Well, you came back here?—A. Yes.

Hon. Mr. DUFF: Perhaps you would ask him if any Canadian was interested?

Mr. HELLMUTH: You mean outside of Col. Mackie?

Hon. Mr. DUFF: Yes; he has already been mentioned.

[J. Wesley Allison.]

Mr. HELLMUTH: Was any Canadian outside of Col. Mackie whom you have mentioned, interested in any form or manner with you in any of these contracts?—A. In Europe?

Q. Yes?—A. Yes.

Q. Who?—A. Major George Washington Stevens.

Q. Who else?—A. No other Canadian that I can recall, at that time.

Q. In what way was Major Stevens interested?—A. He was interested with me in endeavouring to secure contracts for munitions of war or supplies in Russia, France, Italy and England.

Q. Had you any arrangement with him before you went over?—A. No.

Q. Did you make it over there?—A. Our arrangement or understanding was made over there.

Q. I do not know that I am particularly interested in knowing what that was. Outside of that gentleman and outside of Colonel Mackie was there anybody else from Canada interested?—A. Nobody else that I can recall.

Q. Were any of the gentlemen whose names we have had in New York, Cadwell, Bassick, Yoakum, Craven, interested?—A. No, sir.

Q. Was Colonel McBain interested?—A. Colonel McBain became interested with me early in January, 1915.

Q. In London?—A. Yes.

Q. And in what way?—A. In endeavouring to secure contracts, in fact we were working together on some contracts in France, Russia and England.

Q. Were those contracts for which you had obtained options from American manufacturers?—A. Contracts in which we had procured prices from the American manufacturers.

Sir WILLIAM MEREDITH: Although he called it options you had better not carry that through if they are not options—quotations?—A. Yes.

Mr. HENDERSON: Quotations with time limits.

Mr. HELLMUTH: Had Colonel McBain obtained some of these quotations, or how did he come to get in with you?—A. He procured many quotations himself.

Q. You met together and you found that you were both on the same business?—A. Yes.

Q. And then you combined forces?—A. Yes.

Q. Does that apply to Major Stevens?—A. Yes.

Q. Were you acting for yourself, or had you associates—I am not speaking of Colonel McBain or Major Stevens?—A. Acting for myself.

Q. Was Major Stevens as far as you know acting for himself or for associates?—A. Major Stevens had certain contracts that he handled himself.

Q. Were you interested in them?—A. And in which I was to be interested.

Q. And he was to be interested in yours?—A. He was to be interested in mine; for instance, I would attend to matters in London while I was there, and Major Stevens would look after matters in Rome, and *vice versa*.

Q. Had Major Stevens as far as you know, any other associates or were you the only one with him?—A. I do not know of any other.

Q. Of course I am only asking as far as you know. What about Colonel McBain, was he acting for himself or for any associates?—A. I do not know.

Q. You did not know anything about that?—A. No.

Q. That is to say, he was in the same position as Major Stevens and yourself, he got certain quotations?—A. Yes.

Q. Was it a partnership of two as far as you and Major Stevens were concerned, and a partnership of two as far as you and Col. McBain were concerned, or was it the whole three together?—A. There was no partnership at all; it was merely a verbal understanding.

Q. A verbal understanding might be a verbal partnership?—A. Well, there was no partnership.

Q. Well; you said that Major Stevens had certain quotations?—A. Yes.

Q. And was interested in certain contracts, and that you were to share in those, is that right?—A. Yes.

Q. And you said you had certain quotations, and that Major Stevens was to share in those?—A. Yes.

Q. Did that cover all the quotations or contracts that you might make and all the quotations and contracts that Major Stevens might make?—A. Oh no, it is whatever contracts that we took up together and worked together on.

Q. So that there were certain special specific contracts in which he was to share that you had, and certain special specific contracts which he had in which you were to share?—A. Yes, sir.

Q. And outside of that you were free as to any of your other contracts, and he was free?—A. Yes.

Q. And the same thing applied to Col. McBain?—A. Yes.

Q. And Col. McBain was not in with you on the contracts or proposed contracts that Major Stevens was, or were you three together in any?—A. I do not think he was in—well, I do not know as to that—not at that time.

Q. Did you leave Major Stevens and Col. McBain in Europe to continue negotiations when you came out in January?—A. Yes.

Mr. HENDERSON: Will you kindly ask him about Lignanti?

Mr. HELLMUTH: Was Lignanti over there at that time?—A. No, sir.

Q. Had you seen him at all in regard to any matters?—A. I was in communication with him all the time.

Q. Where was he?—A. In New York.

Q. Before you left New York had you been in touch with Lignanti?—A. Yes.

Q. In regard to these quotations that you have spoken of?—A. No; when I left, Lignanti came to New York and took up the question of procuring prices from the various manufacturers in the United States, and cabled me the quotations. There was no understanding of any kind.

Q. You had got certain quotations yourself?—A. Yes.

Q. Before you left New York?—A. Yes.

Q. And you had arranged with Lignanti to get you other quotations?—A. Yes.

Q. And to cable them to you?—A. Yes.

Q. As a matter of fact had you no partnership or other arrangement with him?  
—A. None whatever.

Q. How was he to be remunerated for running, if I may put it, the New York end of the business?—A. He was dealing with manufacturers that I did not know.

Q. And you assumed he would get his remuneration at that end, is that it?  
A. Yes, sir.

Q. Was Lignanti in charge of your office in New York?—A. No, he had his own office.

Q. Was it in the same building?—A. Yes, sir.

Q. In the same room?—A. No.

Q. Did you leave anybody in your office in New York to attend to it?—A. No.

Q. Practically, then, your office was shut in New York?—A. Yes.

Q. And you would expect any information in regard to the business concerning which you had gone to Europe to be communicated to you from that end by Lignanti?  
—A. Yes.

Q. Did you advise Lignanti from time to time while you were in England and abroad of what you were doing, did you keep him posted, did you cable back to him?  
—A. I cabled back for quotations on something that we had an inquiry for.

[J. Wesley Allison.]

Q. It would be fair to say that as far as necessary for the business that you were attempting to do you were keeping in touch with him?—A. Yes, I was in communication with other people besides Lignanti in the United States during this period.

Q. You were cabling out or keeping in touch with other manufacturers to get quotations from them?—A. Yes.

Q. And Lignanti was simply doing a part of that work?—A. People that I myself knew better.

Q. Then you came back to New York and you arrived there some time early in February, is that not right?—A. Yes, sir.

Q. How soon after your arrival did you meet Mr. Yoakum?—A. A very few days after.

Q. You had known him, you said, for some time?—A. Yes.

Q. And was the interview with Mr. Yoakum in the first place in regard to business?—A. Yes, sir.

Q. Did you seek him out or he seek you?—A. He called to see me at the hotel.

Q. And he wanted to know, or did he want to know, what you had been doing, or did he already know what you were after, the business you were on?—A. He already knew.

Q. Had you been in touch by cable or otherwise with him while you were away?—A. I am not sure as to that.

Q. What suggestion did he make when he found you, because he did find you a few days after your return; what proposition, if any, did he make to you?—A. I think he came out to see me about as to whether any of the allies would require hay or horses and grain and products of that kind on the line of his railroad.

Q. Which road is that?—A. What we call the 'Frisco system.

Q. That is what he wanted to know from you?—A. Yes.

Q. He knew you had just come back?—A. As far as I can recollect.

Q. What did you say as to that, what was your response, or do you remember?—

A. Got the prices at which they could be procured.

Q. You got from him?—A. Yes, sir.

Q. In order to cable over?—A. Yes, sir.

Q. So that the business he really came to see you about was the business of his arranging to sell horses or hay or such like products to the allies if he could find them as customers, is that right?—A. Yes, sir.

Q. Having got his prices did you cable them over?—A. Yes, sir.

Q. Anything more, I am taking the first interview, anything more at that first interview, any suggestion of going into partnership with him or taking it up with him?—A. At that time I was trying to get bids for the manufacture of three million shrapnel shells for Russia; that was in addition to the two million contract that Col. Mackie brought back with him. This contract was offered to me while I was in London and I arranged with the manufacturers at Birmingham to take this contract, and when it was about concluded, in fact a memorandum was all signed, the British War Office commandeered all the British factories, and we were obliged then to try and get this contract placed in the United States and Canada. I have no doubt that I spoke to Mr. Yoakum about it, but I do not recall just what took place; I do not recall the conversation.

Q. When was it, and in what way did it come up, about your joining forces with Mr. Yoakum; was that at the first interview or at a subsequent one?—A. I think it was a subsequent interview.

Q. Who was it proposed any share or division?—A. I do not know; I do not recall the conversation. It is one of those conversations that you never know who started it.

Q. At all events it did come up that you might join forces in some way in regard to war contracts?—A. I have not any doubt of it.

Q. There is no question about that. Was it Mr. Allison who suggested that if an arrangement of that nature was entered into, the ploughing of the ground already entitled Mr. Allison to some \$25,000 before he would go into it?—A. I have not any doubt about it.

Q. You mean it did come about?—A. I have not any doubt of it; I am not sure as to that, but I have not any doubt of it.

Q. It would be hardly likely that the suggestion of \$25,000 would come from Mr. Yoakum, is it?—A. No.

Q. You wanted before you would enter into a quasi partnership, if you like, you wanted to have a payment down to cover expenses and the negotiations that you had been carrying on?—A. Yes, sir.

Q. Is that right?—A. Yes, a proportion of them.

Q. And I have no doubt, and if I am wrong you can correct me, I have no doubt you somewhat expatiated to Mr. Yoakum on what you had done, I mean the kind of work you had gone through and the position you had got matters in, the likelihood of success of the enterprise?—A. I showed him at that time the business that was offered to me if we could carry it through on certain conditions.

Q. I suppose you have not found Mr. Yoakum wanting in a certain amount of shrewdness, have you—you must have done something to make him believe that it was worth while to pay you \$25,000 to get into partnership with you on certain deals, is not that obvious?—A. That has been always a part of my business.

Q. Mr. Yoakum apparently according to his own account almost at once, or practically at once, gave you a cheque for \$10,000 on account, which I assume is paid, it looks as if it had been paid. Some time later, May 5, he sent you another cheque for \$10,000?—A. Yes.

Q. And you claimed the other \$5,000 was yet to come, is not that it?—A. Yes.

Q. There was an arrangement, is Mr. Yoakum correct when he says that there was an arrangement by which you were to share, I think as he put it, fifty fifty. And the method of carrying on the business of Yoakum and Allison, or Allison and Yoakum was to be first of all by means of companies, two companies were incorporated?—A. Yes, sir, that is the method that was suggested by his lawyer at the time.

Q. And the companies were actually incorporated?—A. Yes, sir.

Q. You knew that?—A. Yes, sir.

Q. Stock subscribed but never paid up, is that right?—A. I think so.

Q. Just there, what part, if any, had Lignanti in the formation of those companies?—A. I cannot recall, I do not think he had anything to do with them.

Q. Then may I ask you whether it was before or after your verbal arrangement with Mr. Yoakum that you made any arrangement with Lignanti, was that before or after?—A. After.

Q. So that you had made an arrangement with Mr. Yoakum before there had been any connection by which you and Lignanti would be partners, it is true he had given you quotations as you have told me?—A. Yes, sir.

Q. But you said there was no partnership then?—A. No.

Q. We can count on it that the Yoakum partnership was the first partnership—we will call it a partnership?—A. I think so.

Q. How did the arrangement with Lignanti come about, and what was it?—A. At the time I made my arrangement with Yoakum I expected to leave in a very few weeks for Russia with one of the Russian officers who was in New York with me at that time, or had come out with me from London, and I arranged with Lignanti to give him a proportion of the money that I got from Yoakum and to arrange each deal as we made it, no definite arrangement of anything, but arranged to take up and adjust any contract that I was interested in with Yoakum at that time.

Q. You arranged with Lignanti that so far as you had deals in which Yoakum was interested?—A. I am interested in, yes.

Q. That you and Yoakum were interested in?—A. Yes.

[J. Wesley Allison.]

Q. He would have a portion of your share in that deal, the portion to be determined as each deal came along, the amount of the proportion, is that right?—A. I think it was 25 per cent of my proportion or one-eighth of the commission.

Sir WILLIAM MEREDITH: I understood the witness to say not the proportion to be settled but the deal was to be settled.

Mr. HELLMUTH: The deal to be settled, is that right?—A. Yes.

Q. Then you must have told Lignanti that you had this arrangement with Yoakum? —A. Oh certainly.

Q. That I would assume fixes it that the Lignanti agreement must have been after the Yoakum?—A. Oh yes, some time after that.

Q. Because otherwise you could hardly tell him that it was out of the Yoakum deal.

Sir WILLIAM MEREDITH: Why was that arrangement made?

Mr. HELLMUTH: I am coming to that; will you tell me what led up to your making such an arrangement with Lignanti?—A. Lignanti had been to enormous expense, I do not know how many thousands, in procuring prices and all that sort of thing, and was to remain in the same way in procuring prices and submitting them as he did before or—

Q. Who suggested the partnership or arrangement between you, was it you or Lignanti?—A. It was not a partnership; there never was the contemplation of a partnership.

Q. Well, the arrangement, who suggested it, you or Lignanti?—A. I think it was Lignanti.

Q. He thought he ought to get some share out of these matters, is that right, he thought he ought to get some share in these matters?—A. Yes, that he was giving me a proportion of the profits that he expected to make out of matters that he was handling himself.

Q. I am going to ask you a question which has been suggested to me, and that is what if any, business capacity or ability had Lignanti as far as you knew?—A. He is a very clever business man.

Q. It may be my ignorance, but I thought he was a great violinist?—A. I never knew him as violinist, never heard him.

Mr. JOHNSTON: I thought it was the trombone.

Mr. HELLMUTH: My friend Mr. Johnston suggests he was a piccolo or trombone player?—A. I never knew him as a musician; all I knew him was as a business man.

Q. Did you know him as a business man?—A. In this business.

Q. Did you know what other business he had had?—A. Nothing only from what I had heard.

Q. Did you know he was a musician?—A. Yes.

Q. You had heard that?—A. Yes.

Q. You said he had spent thousands of dollars—of course musicians, some of them, are very wealthy, but very few perhaps—did you understand that he had been following any business at all before this, that he was of a business nature or did ordinary business, did you know that before?—A. I knew he had been in some deals with some of the very strongest and wealthiest people in the United States, and had made very considerable money with these people.

Q. However, it was not a musical society that you formed with Lignanti?—A. No, sir.

Q. This arrangement was the suggestion of Lignanti?—A. I think so. I do not remember the conversation that led up to it at all.

Q. However, Mr. Allison, I take it that you must have been satisfied that Mr. Lignanti would be of value to you or you would not have entered into a business proposition?—A. Undoubtedly.

Q. Then, having entered first into an agreement with Mr. Yoakum and subsequently into an agreement or arrangement with Mr. Lignanti, was that arrangement with Mr. Lignanti put into writing or was it the same as the Yoakum agreement, a verbal one?—A. A verbal one.

Q. Mr. Yoakum says that the company arrangement of dealing through these two companies—I forget their names—was never carried out. Is that right?—A. Yes, sir.

Q. Did you advise Mr. Yoakum of the business arrangement you had made with Mr. Lignanti or not?—A. I do not remember. He knew that Mr. Lignanti was in the business. I do not recall ever telling him what the arrangement was.

Q. So far as you are aware, was Lignanti in any way in connection with Yoakum, or was it only out of what might come to you in the arrangement with Yoakum that Lignanti would share in? Had Lignanti a direct interest with Yoakum?—A. Not that I know of.

Q. Not that you know of? Was there any agreement or arrangement between Yoakum and Lignanti so far as you know?—A. Not that I know of.

Q. You said that you were satisfied that Yoakum knew that Lignanti was interested with you in some matters?—A. Yes.

Q. But as to the particular matters did he know?—A. No, I do not think so.

Q. You do not think so. These arrangements were made in New York?—A. Yes.

Q. Travelling to New York to Canada again, how soon was it after you had made the arrangement with Mr. Yoakum that you heard of any contract that might be let? When did you know of any contracts to be let in Canada?—A. Before I left London I heard at the War Office that there was a possibility of their letting a contract for one or two hundred million cartridges to be made in Canada.

Q. Yes?—A. I think I spoke to General Hughes about it and he told me that he had had some communication with the War Office with regard to the manufacture of one hundred million cartridges.

Q. Yes?—A. He said he would like to know at what price they could be made in Canada, and if I could get anybody interested that would take the contracts and manufacture them in Canada cheaply.

Q. Yes?—A. Below the market price. I think the market price was then \$38.50 to \$42 or \$45.

Q. Yes?—A. And I spoke to Mr. Yoakum about it. General Hughes said he would not pay more than \$34.

Q. Yes?—A. That is, that he would not be willing to pay, although he had not at that time had definite authority from the War Office to have them made.

Q. Yes?—A. I asked Mr. Yoakum to come up here, and we would see General Hughes about it. Mr. Yoakum came up and met General Hughes at the Chateau, I think, talked a few minutes about it and General Hughes told him then—

Q. "Told them"?—A. Told Mr. Yoakum and I that he did not have the authority at that time to contract for these cartridges to be made in Canada.

Q. Yes?—A. And Mr. Yoakum told them at that time that he did not think it would be possible to procure the machinery, the skilled workmen and the raw materials, build a factory and make them here in Canada for less than \$36.

Q. Yes?—A. That ended the conversation. We never heard any more about it.

Q. Well, you came up with Mr. Yoakum?—A. I was here. I met Mr. Yoakum here.

Q. I see. You met Mr. Yoakum here.—A. Yes, sir.

Q. Could you give me any idea about what date that would be?—A. The latter part of March, I think.

Q. There is a question that I should have asked you before. That is, in the arrangement that you had with Mr. Yoakum. Mr. Yoakum has said—you have been here and heard his evidence have you not?—A. Yes, sir.

Q. Mr. Yoakum has said that that arrangement did not cover any profits that might be made in any enterprise into which he went by putting up capital or investing money.—A. That was purely a manufacturing proposition.

[J. Wesley Allison.]



Q. I want to know whether to you that agreement that you had made with Mr. Yoakum covered anything beyond what Mr. Yoakum said, the commission that might be earned purely as commission. I mean the verbal agreement.—A. No, not unless I invested.

Q. Unless you went in?—A. Yes.

Q. Oh, yes, he did say that, that you would have the opportunity of going into any of these enterprises?—A. Yes, sir.

Q. Assuming that Mr. Yoakum had put one or two hundred thousand dollars into a concern with others, and there had been no commission paid or arranged for, would you have been entitled to share in any profits that Mr. Yoakum with those others got out of it?—A. No.

Q. But you would have an opportunity of taking one or two hundred thousand dollars yourself if you could put it up, and go in on the same terms?—A. Yes, sir.

Q. Is that right.—A. Yes, sir.

Q. Was there any arrangement in your verbal understanding with Lignanti in reference to what might occur, or was it contemplated that there would be any manufacturing?—A. Never spoke of it to him.

Q. It never was spoken of?

Hon. Mr. DUFF: You understood the effect of your arrangement with Mr. Yoakum to be that if there was a commission, you were entitled to share in the commission?—A. That is what he told me.

Q. Fifty to fifty, as he said, and if there was an investment you were entitled to take your share in the profits as an investor?—A. Yes, sir.

Q. That is the effect of the conversation?—A. Yes, sir.

Mr. HELLMUTH: Then this cartridge proposition, discussion, whatever you like to call it, came to naught, there was nothing done?—A. No, sir.

Q. Did you at that time tell General Hughes that Mr. Yoakum was associated with you?—A. No, sir, only in the way that I have stated.

Q. What do you mean by the way you have stated? Did you tell General Hughes that Mr. Yoakum was associated with you in getting commission?—A. No.

Q. Did you tell him that you had entered into an agreement with Mr. Yoakum for commission?—A. I do not think so; no, I know I did not.

Q. You know you did not? When the cartridge matter came to naught, what was the next Canadian business that came before you?—A. I do not know just what you mean.

Q. Well—A. I was negotiating with and procuring prices from many Canadian firms for shrapnel, high explosives, and other material of that kind for other countries.

Q. For other countries?—A. For Russia and France.

Q. Was that on your own initiative, or did anybody suggest it to you that you should find from Canadian manufacturers what prices they could quote on material?—A. Oh, no, nobody suggested it to me. I was doing everything I could to procure business if possible for the Canadian manufacturers, as we had arranged with the Canadian Car Company.

Q. So you were getting quotations from Canadian manufacturers for shrapnel?—A. Yes, sir.

Q. Did you get any number of those, or any quantity?—A. Oh, yes.

Q. Did you submit those to foreign governments?—A. Yes, sir.

Q. And were you successful in placing any?—A. Well, they have not been closed as yet.

Q. Are you in negotiation for them?—A. Still negotiating.

Q. Let me ask you whether during this time you were carrying on a pretty wide range of business for the English and French markets, with a number of people in the United States?—A. Yes, sir.

Q. Would it be fair to say that there was a very large number of manufacturers, agents of these governments, with whom you were in almost constant correspondence and touch in regard to getting prices and quotations for various articles?—A. Yes, sir.

Q. And would it be fair to say that in all those matters you were expecting in some way or other to receive a reward by way either of commission or otherwise?—A. Yes, sir.

Q. It would be fair to say that. So that in addition to the inquiries you were making here from Canadian manufacturers in regard to shrapnel, there was a very large range in the United States, covering all kinds of supplies, blankets, rubber, all sorts of things as I am instructed that you were engaged in?—A. Yes, sir.

Q. Now, outside of this inquiry you were making on your own account as I understand it to submit to other governments from Canadian manufacturers, what did you hear and when first of any other contract that might come from any Canadian source?—A. I was not talking anything else but contracts all the time.

Q. Fuse contracts, I will come right to the fuse contract?—A. That is right.

Q. Who did you hear that from first, and in what way?—A. The first I heard, I think, was from General Hughes.

Q. What did General Hughes say to you, and can you give me any date?—A. Some time in March General Hughes told me or asked me to try and find out if it was not possible to find somebody in the United States who would be able to take contracts and fill contracts for the manufacture of fuses, or bid on fuses at a price, much less than they were getting quotations at, or the figures submitted from various sources at that time.

Q. Did he tell you what the figures were?—A. The figure at that time was somewhere around \$6, \$5.50 to \$6.

Q. General Hughes asked you what you have just told me, I am not going to repeat it. Were you discussing other supplies from time to time with General Hughes, getting anything else?—A. No.

Q. And he asked you if you would do this? What did he suggest? How did he suggest remunerating you for this, if at all?—A. It never was referred to.

Q. It never was referred to?—A. No.

Q. What did you say? Did you say you would?—A. I told him that I would see what I could do.

Q. You told him you would see what you could do? Well, having got that request, was that the first step you had heard of any fuses?—A. Yes, sir.

Q. Did you know at that time what kind of fuses were required, whether time fuses or graze fuses?—A. Time fuses.

Q. Time fuses. Did you know anything about what a time fuse was at that time?—A. Nothing only by name.

Q. It did not convey very much to you?—A. No.

Q. Either as to intricacy or difficulty at that time. Is that right, or did you know that it was a more or less delicate—?—A. I knew that it was a very hard thing to procure in the United States.

Q. Now, having got that request from General Hughes what did you do in compliance with it? Did you tell him first of all that you would try and get something?—A. I would see what I could do.

Q. What did you do first?—A. Made inquiries.

Q. Tell me whether you saw Mr. Yoakum before or after you made inquiries? Was he the first person you inquired from?—A. No.

Q. Who was the first?—A. I made inquiries from a number of people in the United States who happened to be in the supply business.

Q. What inquiries? What did you inquire?—A. Whether fuses could be procured.

[J. Wesley Allison.]

Q Yes, and what was the result? What did you learn as a result of those inquiries?—A. Oh, I had propositions from scores of people.

Q. You are getting into very large numbers?—A. They did not know any more about fuses than I did.

Q. Was this before you saw Mr. Yoakum?—A. Yes. I don't think Mr. Yoakum was in New York at that time, I think he was in St. Louis or Texas.

Q. About what time in March?—A. I don't remember the time in March, it was sometime along the latter part of March or the first part of April, I have forgotten just the date.

Q. At all events did these results lead to anything at all definite?—A. Yes, I spoke to Mr. Craven.

Q. Who is Mr. Craven?—A. Mr. Craven is in the contracting business in New York. He was associated with Mr. T. McVeity Company and a number of others in the Norton Griffiths Company, who had large contracts for dredging somewhere in Canada.

Q. Had you known him for long?—A. No.

Q. How did you come to go to him?—A. He called on me.

Q. Oh, you had not then advised him of any fuse contract coming from Canada?—A. No, he called on me.

Q. And what did he call on you about, what did he say to you?—A. I am mistaken. I met Mr. Craven in the early part of 1914 or previous to the time I went to Europe.

Hon. Mr. DUFF: In the latter part of 1914 you mean?—A. In the latter part of 1914. He wanted me to see some people interested with him in the Norton Griffiths Company in London, and that is the way our acquaintance started.

Mr. HELLMUTH: That is the way your acquaintance started?—A. Yes; and he called on me sometime in April.

Q. This is April, 1915, last year?—A. 1915; and I asked him if he knew of anybody that could manufacture time fuses.

Q. What did he say?—A. He told me he would see. He knew of some people in Ohio I think he said, that he would get in touch with and see what could be done. In a few days he and a Mr. Dowler called to see me.

Q. Yes.—A. And said that they were in touch with people who they thought could make time fuses.

Q. Had you any discussion with Mr. Craven as to how he was to be remunerated if he put you in touch with people who could make time fuses?—A. It was not discussed at all at that time.

Q. I am speaking of that time of course. Then did Mr. Dowler turn up?—A. Yes.

Q. Did you see him?—A. Yes.

Q. Did you put him in touch with General Hughes or the Shell Committee?—A. No, not at that time.

Q. What did you do?—A. I tried to get prices from him.

Q. Yes.—A. He spoke of a Mr. Ryan, who he thought could procure low prices.

Mr. HENDERSON: That is that Mr. T. J. Ryan.

WITNESS: From some concern in Ohio.

Mr. HELLMUTH: I know.

Q. Was that pursued any further by you with Dowler and Ryan?—A. No. They could not give me prices at that time. I think they in a few days came in and intimated that the price would be from \$5 to \$5.10.

Q. They did come in?—A. Later, yes.

Q. Did you communicate that to General Hughes or the Shell Committee or to anybody here in Canada?—A. No, I do not think so.

Q. Did you know that Ryan or Dowler were writing letters here?—A. No. I think that Mr. Dowler came to Ottawa himself, but without my knowledge.

Q. Up to this time had you spoken to Yoakum about it?—A. Yes, I spoke to Yoakum sometime along in April, the latter part of April.

Q. What?—A. Sometime in April.

Q. What did you say to Mr. Yoakum?—A. I told Mr. Yoakum that I understood that the Shell Committee was receiving bids for five million time fuses, and that the price up to that time was not satisfactory to General Hughes, and I asked him if he thought that he could get up a combination strong enough to undertake the contract to manufacture fuses at or near the price that General Hughes contended that these fuses ought to be bought for in his opinion.

Q. Did you tell him what that price was?—A. I think it was about \$4 I talked to him.

Q. What did Mr. Yoakum say to that?—A. Mr. Yoakum said he would see what he could do.

Hon. Mr. DUFF: Can you fix that time?—A. This was sometime in April, I don't remember just exactly.

Q. You cannot tell me closer than that, sometime in April?—A. Sometime in April. You see, we were working night and day meeting people and talking.

Q. I appreciate that. I only want to get your recollection.—A. Some time in April, I don't remember the date.

Mr. HELLMUTH: Had you up to this time come across Cadwell or Bassick?—A. Never seen them.

Q. You hadn't seen them?—A. No, sir.

Q. Did you see Craven and tell Craven that you had seen Yoakum?—A. Not at that time.

Q. You don't think you had told Craven that?—A. I don't remember.

Q. I may be mistaken, but I think that Mr. Yoakum said that Craven—of course, I do not mean that Mr. Yoakum did not say that you told him about the possibility of this five million contract—but he said he had been put in touch, I think, with Mr. Bassick and with Mr. Cadwell, either by himself ringing up Bassick, whom he knew of, or by Craven bringing them together. Did you bring Cadwell and Bassick in touch with Yoakum, or was it Craven as far as you know?—A. I don't know. I don't know how Mr. Yoakum came in touch with them. I never knew Cadwell or Bassick.

Q. So you were not at all events the means of bringing Cadwell and Bassick to Yoakum?—A. No, sir.

Q. When did you hear that Cadwell, Bassick and Yoakum were taking up the matter at all?—A. At the time that Colonel Carnegie came to New York.

Q. Now, prior to that had you reported to General Hughes anything in regard to what you were doing in the matter? Did you keep him posted at all? Did you tell him that you had seen Yoakum or Dowler or Ryan or any of these people?—A. Around the latter part of April or the first of May General Hughes—I either called him on the phone or he telephoned me, I am not sure which.

Q. Yes.—A. And he asked me if I had succeeded in getting up competition to break these prices they were then considering. I told him what I had said to Mr. Yoakum—I am not sure whether I mentioned Yoakum's name—but I had spoken to people who thought that they could.

Q. Your understanding being the price somewhere in the neighbourhood of \$5 at that time?—A. \$5 or \$5.10, somewhere around there.

Q. I understand you told General Hughes over the phone that you had got in touch with somebody who you thought could do it?—A. Yes.

Hon. Mr. DUFF: Had you any report from Mr. Yoakum before you had that communication with General Hughes?—A. I think that Mr. Yoakum telephoned me that Mr. Craven and Mr. Dowler or somebody else had called him, and I think Mr. Yoakum

[J. Wesley Allison.]

told me he was in touch with people whom he thought he would get to join him who would bring the prices down.

Q. Did he give you a price?—A. He said he did not know whether he could get the price down below \$4.50 or not, but he did not fix any definite price at all.

Q. About when was that?—A. That was about the latter part of April or the 1st of May, I don't remember just exactly.

Q. How long before your communication with General Hughes?—A. It was about that time general Hughes was very anxious to get the price down and particularly anxious to get fuses.

Q. Yes; I only wanted to get your recollection about that.

Mr. HELLMUTH: Then having told General Hughes that, it was not very long after, I take it, that you saw Colonel Carnegie?—A. In a day or two after that I think I saw him, or very shortly, I don't remember.

Q. Let me ask you whether at that time when you telephoned General Hughes you knew anything about the people who were outside of you altogether bidding on this contract? Did you know about the Harris-Patterson people at that time?—A. Yes.

Q. You did?—A. Yes.

Q. Whom did you learn that from, or how did you learn it?—A. Oh, everybody knew that that was in the business.

Q. As soon as you began to make inquiries, may I say, you found that Dr. Harris and his associates were in the running? May I put it in that way?—A. Yes.

Q. And is it a fact that you started to make inquiries as to Dr. Harris' standing through some bank?—A. I haven't any doubt of it.

Q. Do you remember whether you did?—A. I think so.

Q. You think you did?—A. Yes.

Q. What was the object of making inquiries as to Dr. Harris' financial standing?—A. I was asked to ascertain the financial standing of the people who were at that time undertaking to go into the fuse business.

Q. From whom did the request come?—A. Well, I am not sure whether it was—you see, I was figuring on different contracts at that time, and I am not sure whether it was from the people for whom I was negotiating for time fuses at that time or here.

Q. Was it from anyone in Canada that you were asked to make that inquiry?—A. It is possible, I cannot say as to that.

Q. At all events, you have no doubt that you did make inquiries?—A. I haven't any doubt of it.

Q. And am I right in saying that the result of those inquiries was that they were satisfactory people financially?—A. Very.

Q. So you knew then that the people who were going to compete with any aggregation that you could get together were people of standing financially?—A. Yes.

Q. There was no question about that, was there?—A. No doubt of it.

Q. Then how did you come to meet Colonel Carnegie, because that seems to be about the next thing in point of time?—A. Colonel Carnegie called me on the telephone about the 1st of May.

Q. Called you from here to New York?—A. No, in New York.

Q. Yes?—A. And told me that he wanted to see me. I think at that time he told me that he was going to Wilmington, and he had only an hour and wanted to know if he could see me that night on his return.

Q. Where?—A. From Wilmington.

Q. Did you make an appointment over the telephone?—A. Yes.

Q. Where were you to meet?—A. My place in the Manhattan Hotel.

Q. Your rooms?—A. Yes.

Q. And you did meet there?—A. Yes.

Q. Now, what was the conversation that evening between you and Colonel

Carnegie?—A. He told me that General Hughes had asked him to call and see me and find out if I knew anybody that would take a contract or bid on the manufacture of these fuses at a lower price than the price that they had at that time.

Q. Did Colonel Carnegie tell you what the price was at that time?—A. Well, I am not sure as to that.

Q. Then what did you reply to that?—A. I told him that I had made inquiries and that I would endeavour to get hold of Mr. Yoakum and make an appointment for the earliest moment possible.

Q. You did make an appointment with Mr. Yoakum?—A. Yes.

Q. And you may not have been here or you may have been here. Is it correct that when you met Colonel Carnegie with Mr. Yoakum that Colonel Carnegie asked Mr. Yoakum if he was a manufacturer, and Mr. Yoakum said, "No," and Colonel Carnegie said, "Bring on your manufacturer" or something to that effect?—A. Oh, I think so.

Q. That was almost the day after you met?—A. The next day I think was Sunday.

Q. I do not suppose that would prevent your meeting Colonel Carnegie?—A. No; Colonel Carnegie and I went to church on Sunday morning.

Q. And did business in the afternoon. Is that the way?—A. No, I think I arranged an appointment the next day for him to meet Mr. Yoakum and whoever Mr. Yoakum had to meet him on Monday morning.

Q. Well then, did Mr. Yoakum and Mr. Bassick and Mr. Caldwell meet Colonel Carnegie that next time, or was it—?—A. On that Monday?

Q. Yes?—A. I don't remember. I know Mr. Yoakum met him.

Q. Do you remember being present at a meeting about that date when Colonel Carnegie—perhaps it was not at that date; I may be wrong—met Mr. Yoakum, Mr. Cadwell and Mr. Bassick?—A. I think that was—

Q. I am wrong and I am properly corrected. It was Mr. Yoakum and Mr. Craven. Do you remember a meeting between Colonel Carnegie, Mr. Yoakum and Mr. Craven at which you were present?—A. I am not sure about Mr. Craven. I know Mr. Yoakum was there.

Q. Colonel Carnegie says Mr. Craven, and if that is Colonel Carnegie's recollection you would not say he is absolutely mistaken?—A. No, Colonel Carnegie is pretty accurate.

Q. But at all events you do remember the meeting at which you, Mr. Yoakum and Colonel Carnegie were present and Mr. Craven may have been present?—A. Yes.

Q. Now, do you remember what was done at that meeting, if anything?

Mr. HENDERSON: Messieurs Commissioners, the doctor suggests to me that his patient has been under examination **long enough**.

Mr. HELLMUTH: We are within a quarter of an hour of our time.

WITNESS: I am all right.

Mr. HENDERSON: He will go on forever.

Mr. HELLMUTH: I am afraid we will have to postpone this until to-morrow morning, Colonel Allison.

(The Commission adjourned at 5.10 p.m. to 10 a.m. to-morrow, Friday, May 19, 1916.)



# ROYAL COMMISSION.

NINETEENTH DAY.

MORNING SESSION.

OTTAWA, FRIDAY, May 19, 1916.

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth, proceed please.

Mr. JOHNSTON: I have been speaking to Mr. Hellmuth with reference to the position of the witness (Colonel Allison) as regards the order of the witnesses. I find from the statements that have been made and so on that it will be necessary to have Mr. Allison's letter book and bank books which might cover entries, or documents of some kind with reference to these fuse contracts. We have not got them here I understand, and I did not know exactly what position the case would take until we heard his evidence. He has also given evidence before what is known as the Davidson Commission. Something has been said and some discussion took place there I understand—I am only stating this from hearsay—with reference to his connection with General Hughes and contracts connected with the matter under investigation. That is one reason why I ask that the cross-examination of Mr. Allison be deferred, because I am not ready and cannot be ready to go on under the circumstances.

There is another serious reason why I could not possibly hope to finish to-day; I would not like to have part of the examination stand over for a week. I think Mr. Hellmuth will agree with me that that is a reasonable proposition.

Then, there is another reason which is personal, and which depends entirely upon the discretion of the Commissioners. Mr. Carvell has to leave here at half-past three. If he does not he will not get home until Monday afternoon, as there is no train on Saturday.

It will take some time to complete this witness' testimony. There is a good deal to go over and he is a little slow, and I would ask Mr. Hellmuth to let the witness come here a week from Monday with his productions. If he has none, well and good, but we think that he should assure himself that there are none between himself and General Hughes and himself and Mr. Yoakum and his confreres in New York. In addition to that fact I could not hope to complete this gentleman's examination before we rise to-day.

Mr. HENDERSON: May I say, Messieurs Commissioners, that my friend's suggestion would accord exactly with my own desire, not to have him in the witness box too long at one time.

As far as the question of productions is concerned if Mr. Johnston or anybody else will let me know what documents or books are required we will endeavour to supply them.

Mr. JOHNSTON: I will let you know to-day.

Sir WILLIAM MEREDITH: Everybody seems to be favourable to delay.

Mr. HELLMUTH: I do not want to take any unreasonable stand in the matter at all, there is no doubt I think that it will take some little time to finish the examination in chief, but I would not necessarily suggest an adjournment. Mr. E. Carnegie is here and I should suggest—

Sir WILLIAM MEREDITH: I think the criticism made by Mr. Johnston of the witness, that he is a little slow, applies to some one else. I do not mean you individually.

Mr. JOHNSTON: I am rather fast at times.

Sir WILLIAM MEREDITH: In certain directions.

Mr. CARVELL: I do not want any delay as far as I am concerned, but if I do not leave at half-past three or a quarter to four this afternoon I cannot get home till Monday noon, but I am ready to be here on Monday week.

Sir WILLIAM MEREDITH: What I am thinking about is when we are going to get through with this, and whether there will be a certainty of getting through before Mr. Hellmuth has to leave, because it would be most unsatisfactory if we had not finished by that time. I understand that he made a condition that he should not be required to say longer than the day named, I think it is the 13th of June.

Mr. HELLMUTH: The 13th of June.

Mr. JOHNSTON: Oh, I may tell the Commissioner, if it is any consolation, that as far as the witnesses that may be offered as I understand by Mr. Kyte's counsel, or perhaps by myself, that there would not be many of them, five or six at the outside. Mr. Russell will be called, I think, and one or two other gentlemen from Toronto. I think perhaps we ought to call a man from the Northern Electric Company, but that will be all, and their evidence will be very short. They will be speaking as to facts and documents.

Sir WILLIAM MEREDITH: What do you propose now, that you conclude your examination?

Mr. HELLMUTH: Of course, Mr. Johnston quite correctly states that he mentioned it to me, but I may say that it was just at this moment. Mr. E. Carnegie is here however, and I could go on with him, and I think that the time his evidence should take—

Mr. JOHNSTON: Excepting that Mr. Carvell might not be here.

Mr. CARVELL: That is all right. I will not ask the Commission to delay the examination of any witness excepting Colonel Allison and D. Carnegie.

Mr. HELLMUTH: I did not intend to call Colonel Carnegie. My idea was to call Colonel Carnegie after the witnesses had all spoken in regard to the matter. I could not be putting him in the box after each witness, in fact I do not think I will call him until we have heard what is said by Mr. Russell and Mr. Lloyd Harris, and the Northern Electric man. I think that is fair.

Mr. JOHNSTON: Oh, yes.

Mr. CARVELL: I would like to know if Mr. Hellmuth is making any effort towards getting Mr. Bassick and Mr. Lignanti here. Of course, we have no legal right to bring them but I imagine that if my learned friend would have an invitation sent by the Commission they would probably respond. There is another very important witness that I am informed could be got here, Mr. Ohmer of Dayton, Ohio.

Mr. HENDERSON: Might I ask Mr. Carvell if he has not had communication with Mr. Lignanti?

Mr. CARVELL: I am very glad indeed to give my learned friend the information at once. I have never seen Mr. Lignanti; I have never heard from him; never sent any one to him or his office; I do not know Mr. Grossman; I have never seen him; and have never heard from any one of them and have never got anything out of their office as far as I know.



If there is anything else that you can suggest regarding Mr. Lignanti and his office and Mr. Grossman and his office, I would be only too glad to give the information but I would like to have Mr. Lignanti here if possible.

Mr. EWART: Then we shall go on to half-past five if we can.

Mr. HELLMUTH: Certainly. So far as Mr. Lignanti or Mr. Bassick is concerned, I spoke to some of the gentlemen who had been associated with Mr. Bassick in this matter and I suggested that they might induce him to come. I thought they would have far more influence with him than I would. They thought he was entirely indifferent, and it was very doubtful if he would care to bother himself about coming. I think that is the way they put it. He had no concern except his share of that commission. I asked them to make inquiries. I have done nothing in regard to Mr. Lignanti. Yesterday was the first time I learned who his lawyers were, but I am very willing to write Mr. Lignanti and suggest that we would be glad if he would come and give evidence.

Hon. Mr. DUFF: You see, Mr. Bassick is the man to whom the letter was addressed; he was evidently treated as the person in charge of negotiations, and I should suppose that it would be very desirable that every reasonable effort should be made to get him here.

Mr. HELLMUTH: I quite appreciate that, but I have no power of compelling him. The men who have come are men who came entirely voluntarily. They understood that and they came because they considered—

Hon. Mr. DUFF: They had interests of their own.

Mr. HELLMUTH: They had interests of their own in regard to their character and standing, and the accusations made in reference to them.

Hon. Mr. DUFF: Still, if Mr. Bassick is as one understood from Colonel Carnegie's view of him, a man of some standing in the manufacturing world, one would naturally suppose that he would be interested in the allegations which more or less involve himself. I do not think one ought to assume that he would decline to act on an investigation to come.

Mr. HELLMUTH: I was going to suggest that he would be much more likely to come at Colonel Carnegie's request than anybody else's.

Hon. Mr. DUFF: Possibly.

Mr. HELLMUTH: I would be very glad to ask that Colonel Carnegie write him a personal letter requesting him to come.

Sir WILLIAM MEREDITH: Would not the better plan be for you to write a formal letter to both of these men and say that it is the desire of the Commission that they should attend if they will.

Mr. HELLMUTH: I will be very glad to do it.

Hon. Mr. DUFF: There could be no harm in having that supplemented by a letter from Colonel Carnegie to Mr. Bassick, if Colonel Carnegie thinks it desirable.

Mr. EWART: You could give him the choice of a day to come.

Mr. HELLMUTH: I ought to do that. I do not suppose their evidence can be taken very much before Thursday.

Hon. Mr. DUFF: In view of Mr. Gordon's evidence do you intend calling Mr. Hathaway?

Mr. JOHNSTON: That is the Northern Electric.

Hon. Mr. DUFF: I am not speaking of him as an official of the Northern Electric. Mr. Hathaway as I understand is the expert in charge of the Government works now.

Mr. HELLMUTH: I shall be very glad to.

Hon. Mr. DUFF: In view of Mr. Gordon's evidence I suggest that it would be desirable.

Just another matter, Mr. Hellmuth. Has any suggestion been made to the Ministry of Munitions in England with respect to the injunction of secrecy in regard to the list of contracts, prices, I mean.

Mr. HELLMUTH: Not so far.

Hon. Mr. DUFF: We have had a great deal of evidence in respect of prices, but it is rather in a nebulous state, and from my point of view it is desirable to have something more explicit than we already have. So far as the English prices are concerned, I do not say that they are not relevant, although I do think their relevancy is very limited. What one is more concerned about is, the prices during the period in question at which contracts were being let in the United States. I understand the Imperial Munitions Board have all that information in their possession.

Mr. EWART: Prices for fuses, do you mean, sir?

Hon. Mr. DUFF: Yes, prices for fuses. I am speaking of fuses now. We have had more information in regard to the prices of graze fuses than of time fuses.

Mr. HELLMUTH: There were no loaded time fuses being manufactured then.

Hon. Mr. DUFF: They were 80 fuses. Quite so.

Mr. CARVELL: There is evidence in Canada in the form of invoices in the Militia Department showing the prices of time fuses just prior to the war, in the month of March or April of 1914.

Mr. HENDERSON: But that is no evidence.

Mr. CARVELL: That information can be found in the Department of Militia.

Hon. Mr. DUFF: I am only making the suggestion to Mr. Hellmuth.

Mr. EWART: I may say that, as instructed by the Minister, we will see that a communication is sent to the Minister of Munitions. We will ask the Prime Minister, Sir Robert Borden, about that.

Hon. Mr. DUFF: There are some remarks which I think I should make in regard to the question of publicity. Of course one quite appreciates that, but in the circumstances in which we find ourselves, personally I am not sure that taking the Commissioners and counsel altogether, it can't be said that in the meantime until the time when full publication can be made, that the general public is sufficiently represented here. I do not know whether that is a point of view that has been considered or not, but it may very well be that in regard to the prices of the contracts actually executed there would be no objection in making them public.

I hope you gentlemen do not think I am suggesting that anybody has been averse to having these things brought before us. I do not mean that for a moment.

Mr. EWART: I will call on Sir Robert Borden and see if he will have a communication sent, so that we will be able to get what you desire.

Mr. HENDERSON: In regard to fuses?

Mr. EWART: Yes.

Mr. JOHNSTON: May I call the attention of the Commission to this fact; that certain correspondence was submitted, and if not already formally submitted would be submitted perhaps a little later on, and which I understand has not been specifically ruled upon. That is, we asked for the correspondence between General Hughes and Mr. Flavelle, which seems to be rather suspended in the meantime awaiting perhaps a decision, or some determination; the correspondence between Mr. Hichens and General Hughes—I am speaking now with reference to the fuse contracts and contracts of that kind in April, May and June of 1915, the correspondence between the Shell Committee and Mr. Thomas and between the Shell Committee and Mr. Hichens, all of which, one would think, if it deals with anything at all would deal with matters pertinent to this inquiry.

The question was raised that it was exclusive of the scope of this inquiry. That may be so, but I do not think we have had a specific ruling, and we are therefore rather in doubt (or I am in doubt) as to whether I have presented the case from my standpoint with sufficient force or sufficient specific character to call the attention of the Commissioners to the fact that these four series of correspondence have not been finally passed upon.

May I ask—without saying to the commission when or how they shall determine the question—may I suggest rather that it would be a great advantage, I think, to all parties if before a week from Monday we knew just exactly where we are at, because we do not want to be entering upon discussions in regard to every letter or every circumstance which may come up if the whole series of correspondence is excluded upon one general principle. There may be exceptions, but I am assuming that the whole thing would refer to the correspondence between these people.

Mr. HELLMUTH: In regard to what Mr. Commissioner Duff has said, so far as the War Office is concerned I certainly think the suggestion of Mr. Ewart that the Prime Minister should communicate is better than any communication which should come from someone whom they would not know anything about (like myself). I would certainly send letters to Mr. Lignanti and to Mr. Bassick saying that the Commission desire their presence, if they can see fit to come here. If there is any way in which I can get any one to assist in procuring their attendance, any one willing to do it, if it could be of any possible advantage in that respect I would be glad to do so. But I could not give any undertaking that they would be here. That is impossible. I do not even know that I could have procured the attendance of some of the gentlemen who have been here already if they had not come voluntarily. Personally I do not quite see how Mr. Ohmer could throw much light upon the question, although I may be entirely wrong.

As Mr. Johnston is going to call his own witnesses, I think I will have to call Mr. Russell too.

I thought Mr. Johnston could get Mr. Ohmer; he might be more willing to come at his request than he would be at mine.

Mr. MARKEY: Mr. Ohmer was probably the one manufacturer in the United States manufacturing time fuses at the time he met Colonel Carnegie in New York. We would like to ascertain from Mr. Ohmer what the negotiations were with Colonel Carnegie.

Sir WILLIAM MEREDITH: Before going to that expense, why can't you gentlemen communicate with Mr. Ohmer and find out if he knows anything?

Mr. MARKEY: I doubt very much if he would come on our invitation. But I think he would come on the invitation of the Commission.

Sir WILLIAM MEREDITH: But the better way is to communicate with him. It is inconvenient for these gentlemen of large business to come here and perhaps spend several days.

Mr. MARKEY: He was brought in at the instance of Sir Courtenay Bennett.

Sir WILLIAM MEREDITH: He was the man whom Sir Courtenay Bennett suggested could supply these fuses.

Mr. HENDERSON: I think he is the man referred to in the Ryan correspondence.

Sir WILLIAM MEREDITH: Surely somebody can communicate, directly or indirectly and see if he could give us any information.

Mr. MARKEY: I may say that his fuses are being now tested at the Petawawa camp for the Russian Government. He is an expert in knowledge of fuses.

Sir WILLIAM MEREDITH: But that is not of very much importance.

Mr. HELLMUTH: In regard to the time fuses, Messrs. Commissioners, I do not want of course to in any way indicate what may be found in that respect. But Mr.

Gordon, who I should imagine is an absolutely reliable witness in regard to the questions of value and price has definitely stated that the price of the time fuse at the present time is \$4.50, and that the price at the time these fuse contracts were let was \$4.50, as far as he knew. So that I really did not intend to offer any further evidence in regard to that price being a proper price at the time it was let. I may be wrong, but that is the way it struck me.

Hon. Mr. DUFF: I don't think that evidence of Mr. Gordon passed unnoticed by anybody.

Mr. HELLMUTH: If Mr. Ohmer came here and gave evidence in regard to time fuses it would be superfluous, I think; he could not throw any light upon it.

It may be that Mr. Gordon's testimony will not be accepted, but I am for the moment accepting it. I don't suppose he had any interest one way or the other.

Mr. JOHNSTON: The best thing to do is to communicate with some one, and if Mr. Ohmer is willing to come here you will have him here.

Sir WILLIAM MEREDITH: If there is anything he can say that will help us. I am entirely against bringing business men from the other side who have large affairs to attend to there unless there is some real necessity for it. I think it is most unfair, especially, as my brother Duff says, when they are engaged in making munitions. Surely through somebody it can be found out whether Mr. Ohmer can give information that will be of any assistance to us.

Mr. HELLMUTH: My friends here think he can. But I cannot see definitely how he could be of any advantage.

Sir WILLIAM MEREDITH: They do not say that on account of anything they know from Mr. Ohmer.

Mr. HELLMUTH: But they may know the points which he can throw light upon.

Sir WILLIAM MEREDITH: That is all their guess.

Mr. HELLMUTH: I suggest that they write and ask him if he can throw light upon any of the points they have in their minds, and which I have not.

Sir WILLIAM MEREDITH: I should think that is a reasonable and sensible course to take.

Have we now got through the preliminaries?

Mr. HELLMUTH: I think so. I will go on with Colonel Allison's examination now.

*By Mr. Hellmuth:*

Colonel Allison, I think when we adjourned we were dealing with a meeting you had with Colonel Carnegie, Mr. Yoakum and Mr. Cadwell was it—you did not remember whether Mr. Craven was there—in New York?—A. At the first meeting?

Q. Yes, at the first meeting?—A. I am not sure.

Q. But you remember a meeting in New York?—A. I remember meeting Colonel Carnegie and the witness Yoakum.

Q. That was before there was any meeting of any of the experts?—A. Yes.

Q. What part did you take in that meeting?—A. I think I introduced Mr. Yoakum, and that was all.

Q. Speak a little bit louder, if you please. You introduced Mr. Yoakum?—A. Yes.

Q. Do you remember what arrangements or what decision was come to at that time, in regard to anything?—A. Mr. Yoakum promised Colonel Carnegie that he would arrange a meeting later on with the people whom he intended to have associated with him.

[J. Wesley Allison.]

Q. What discussion if any did you have with Yoakum after the meeting, in regard to the manner in which this matter might be taken up by you two, or by you and he, or taken up by him or taken up by you, or taken up by his associates?—A. I don't think there was any discussion. It was understood that Mr. Yoakum was going to try and get up a combination, in fact he had already done the preliminary work, and I was not to have any part at all, I had nothing to do with it, I did not know his people.

Q. Did you meet Cadwell or Bassick prior to their coming with Yoakum to meet Colonel Carnegie?—A. No, sir.

Q. Were you present with him a day, or two days at most, at the meeting with Colonel Carnegie and Mr. Bassick and Mr. Cadwell—or was there one?—A. I don't know.

Q. Anyway, you were not present at it?—A. No, I left that noon for Canton, New York, and did not return until the following day I think.

Q. Did you go down to Bridgeport?—A. No.

Q. With the party?—A. No, sir.

Q. You heard they had gone, didn't you?—A. Oh, yes.

Q. Who told you that?—A. I don't remember whether it was Colonel Carnegie or Mr. Yoakum.

Q. Did you have any information from Mr. Yoakum as to prospects looking pretty good for making a deal?—A. Mr. Yoakum had told me two or three times that he thought he was going to be able to get the price down to something near where General Hughes thought the fuses ought to be purchased for.

Q. Outside of that, did he tell you anything about the method by which the combination was to finance the thing?—A. No, sir.

Q. Did you know at that time whether Mr. Yoakum himself was going to be one of the parties who would be financially interested in whatever concern or company would make an offer?—A. No, sir. I did not know what method Mr. Yoakum was pursuing to carry this thing out.

Q. Did you know anything about how he proposed to finance it?—A. No.

Q. Was anything said to you in regard to your taking any interest in the financing of it?—A. No.

Q. How would you know where you were going to come in in the deal?—A. I never thought of it at that time at all.

Q. What was the next thing—or perhaps I can take you to it—had you any conversations further with Mr. Yoakum between that and the time about the middle of May when Colonel Carnegie and General Bertram came down to New York?—A. No, I don't remember. I saw Mr. Yoakum quite often, but I do not remember any specific conversation in regard to that particularly.

Q. Were you present at the meeting when General Bertram and Colonel Carnegie came to New York?—A. Yes, sir.

Q. Were you in the room when Mr. Gladeck and some foremen experts were questioned by Colonel Carnegie?—A. Yes, sir.

Q. Where was that, do you remember?—A. In my rooms at the Manhattan hotel.

Q. Who made the appointment for that meeting?—A. It was either Mr. Yoakum or myself, I am not sure which.

Q. What part did you take in that meeting?—A. None whatever.

Q. Why was the meeting held in your room?—A. Colonel Carnegie and General Bertram happened to be stopping in the same hotel and I think Mr. Yoakum notified me that he was going to have all these experts come to meet Colonel Carnegie, and I offered my room for that purpose.

Q. So that it really was through Mr. Yoakum advising you that he intended having those experts there?—A. I think that was it. I am not sure.

Q. But that is your best recollection?—A. Yes.

Q. After that meeting, which was about the middle of May, the 14th of May, what took place immediately after that; did they go away after that—Colonel Car-

negie and General Bertram?—A. As I remember it, they stayed several days to investigate.

Q. Was that the first time you met Mr. Cadwell and Mr. Bassick?—A. The first time I had ever seen Mr. Cadwell, until I saw him here.

Q. What about Mr. Bassick, was he at that meeting?—A. Yes, sir.

Q. Had you met him before?—A. I am not sure. I think I met him that morning for the first time, but I am not sure of that.

Q. Have you seen him since?—A. Once, I think, but I am not sure even as to that. Once or twice.

Q. Did you take any further part in seeing, or being present (perhaps I should put it) at any meeting after the 14th of May during the time Colonel Carnegie and General Bertram were in New York on that occasion?—A. No, sir.

Q. After that meeting did you have any discussion with Yoakum as to prospects then, prospects of a contract being made?—A. I have no recollection of any specific references to this contract.

Q. Did you learn anything more—because you apparently had learned nothing, as far as I understand from you—did you learn anything more about the method by which these parties would come together?—A. No, sir.

Q. Or the financing?—A. No, sir.

Q. What was the next; did you come down to Ottawa when these gentlemen came here?—A. No, sir.

Q. Did you know of Mr. Yoakum's and Mr. Bassick's visit here after that?—A. I think I did, in a general way. I think Mr. Yoakum may have told me that he was coming to Ottawa. I knew he was working on it.

Q. You knew he was working on the contract?—A. Yes.

Q. That is working with a view of securing if he could for himself and his associates the contract for the fuses?—A. Yes.

Q. Did you know that it was to be at the outset a five million fuse contract, that that was the amount of fuses to be let?—A. Yes.

Q. Did you know in May when there was a letter sent that it would be three millions, to the American Ammunition Company?—A. No.

Q. When did you learn of the incorporation or the proposed incorporation of the American Ammunition Company?—A. The first time that I had had an opportunity to fix the names of these companies, I did not know which was the Yoakum-Cadwell Company or the American Tobacco Company crowd until I saw them published in the papers when this German or whatever investigation it is was talked of.

Q. Had you anything to do with the incorporation of the American Ammunition Company?—A. Nothing whatever.

Q. What did you say about German?—A. This inquiry, which I have always had in my mind has emanated from a German source or enamated from their Allies.

Q. You say you never heard of it before?—A. I never knew the name of their company.

Q. You never knew the name of the American Ammunition Company?—A. I never had it fixed in my mind. I may have been told about it but I don't remember, whether it was composed by the Yoakum-Cadwell combination or the American Tobacco crowd.

Q. You say you did not know about the five millions coming down to three millions; did you know about a letter cutting down the three millions to two and a half millions?—A. No, not at that time.

Q. I am speaking of at that time?—A. No.

Q. Were you here when the contracts of the 19th of June were signed?—A. No, sir.

Q. Did you at that time know what the amount of the contract was—I won't say the American Ammunition Company's contract, because apparently you did not know the name, but of the Yoakum-Cadwell-Bassick parties?—A. No, sir.

[J. Wesley Allison.]

Q. When did you first know of the contract having been made?—A. As I remember, the first that I knew of the contract being completed must have been some time in July.

Q. Who did you learn that from?—A. Mr. Yoakum.

Q. Tell me what Mr. Yoakum told you in reference to that?—A. He told me that they had secured a contract.

Q. Did he tell you for what amount?—A. I think so.

Q. Did he tell you the number of fuses?—A. I think so. I have no distinct recollection of his mentioning the amount.

Q. What did he say to you about your interest under it, or did he say anything?—A. I am not sure whether he spoke of it at that time or not, but either at that time or later on he told me he had worked it out whereby he was going to make a commission.

Q. Did he tell you that you would come in on that commission?—A. I think he did.

Q. What I desire is, did you say to him "Why, of course I am in on that", or did he say to you "You are in on it"?

A. I don't remember the conversation that took place at that time regarding it.

Q. But you understood them—at all events I may say this—that you were to share one-half of whatever commission he was to get?—A. I think so. I think so. If there was a commission, but as to the amount, I did not know just at that time.

Q. He did not go into full details. You say you did not at that time get particulars of what the amount of the commission was?—A. I do not remember.

Q. You have it though quite clear that you knew you would get the half of whatever Mr. Yoakum got by way of commission?—A. Yes.

Q. Just there, what conversations had you with General Hughes between the first May and the time when the contract was executed, the 19th June?—A. On this matter?

Q. Yes?—A. I do not remember of having any conversation with General Hughes after the time that I told him that I was through, that we would be able to get the price down to something near what he desired.

Q. You told me about that yesterday. From that time what conversation, if any, had you with General Hughes in regard to the negotiations that were proceeding, or that you understood were proceeding?—A. The only conversation I think that I had with General Hughes about it was in reference to the financial standing and the ability of these people to carry out a contract should it be awarded to them.

Q. When you say these people you mean Cadwell, Bassick and Yoakum?—A. Cadwell, Bassick, and the American Tobacco crowd as we called them at that time.

Q. Is that the only conversation that you can recall?—A. On that particular subject, I was reporting to General Hughes information that I got from time to time; just what it was I do not remember, or whether it was on this particular question I do not know.

Sir WILLIAM MEREDITH: Have you covered the 4th June, that period early in June?

Mr. HELLMUTH: Yes; I ask you, Mr. Allison, I would like you just to put your mind upon it whether during the period from the 14th May, that is when you met Colonel Carnegie and General Bertram in New York, that period up to the 19th June at all events, whether you had any discussion with General Hughes outside of what you have said about ability in regard to this proposed fuse contract—14th May you met Colonel Carnegie and General Bertram in New York, the contract was not signed till the 19th June, and I am asking you whether between that period you had been discussing the matter at any time with General Hughes beyond what you have told us that you reported to him the ability of these people and the tobacco crowd financially to carry out a contract?—A. I think so. I think I saw General Hughes once or twice or may have telephoned him—I had been to Washington several times.

Q. I am speaking about this contract?—A. I understand—to get information about experts and that sort of thing, and I have no doubt that I have reported the

information that I procured at that time regarding the experts that these different companies were retaining.

Q. Do you mean both the tobacco crowd as well as those?—A. Yes.

Sir WILLIAM MEREDITH: What I meant rather was, I did not catch whether he was here at all in the June negotiations.

Mr. HELLMUTH: No, he said he was not.

Q. You said you were not here, I understood it, in any of those negotiations?—A. I never came to Ottawa with Mr. Yoakum or Mr. Cadwell or anybody else that has procured a contract from the Shell Committee during that period at all.

Hon. Mr. DUFF: The point rather is this: were you here in the month of May or in the month of June?—A. Oh I think I was, I am not sure, but I will find out and let you know later.

Q. You can get the dates?—A. Yes, I can get the dates.

Mr. HENDERSON: But not with these parties.

Hon. Mr. DUFF: I understand he did not come with them; that does not carry us very far.

Mr. HENDERSON: I do not think he was here at the same time?—A. I never was here—

Hon. Mr. DUFF: You say you were never here while they were here?—A. Well, I never came with these gentlemen; I may have been in Ottawa alone some time during that period; if I was in Ottawa I certainly saw General Hughes.

Sir WILLIAM MEREDITH: That does not quite touch the point; were you ever in Ottawa when they were here?—A. No, sir.

Hon. Mr. DUFF: You know that?—A. Positively.

Mr. HELLMUTH: If they had been here you would have seen them at the hotel, the Chateau Laurier?—A. I think so.

Q. You stay there, too, do you not?—A. Yes.

Q. And these gentlemen stayed there?—A. Yes.

Q. It is hardly possible that they could be in Ottawa and you be in Ottawa for a day without your knowing it?—A. It would be quite impossible for them to be here.

Q. You have spoken of reporting to General Hughes about the experts of both companies; were you reporting at the same time to General Hughes about any other matters, any other companies?

Mr. HENDERSON: Or proposed companies?

Mr. HELLMUTH: I will put it that way. First I will ask my general question: were you communicating with General Hughes on other matters during that period?—A. Any information I could acquire in the United States that would be of benefit to General Hughes I certainly communicated to him at any time.

Q. You cannot fix your mind as to whether there were matters other than the fuse contracts, there were two of them, at that time that you were communicating to General Hughes, about other matters altogether apart from fuses?—A. Oh, I have not any doubt of it.

Q. Were you reporting to him about other companies that might be tendering for fuses outside of the two companies or associations that obtained them?—A. I think so.

Q. Do you remember what companies they were?—A. I think the Dowler-Forbes combination.

Q. Can you think of any other?—A. The Scovill Manufacturing Company.

Q: Was that over the telephone or when you saw the gentleman, or both?—A. It would be either over the telephone or when I saw them.

Q. Were you writing to the General about that time about these things?—A. I do not think there were many letters passed between General Hughes and I, they were of such a character that I would not want to write the source of the information, the

[J. Wesley Allison.]



source from which I acquired information was such that I would not write letters on it; I was getting information—

Q. You understand that you are requested, and quite properly requested to look and see if there are any letters bearing on this matter—have you a letter book?—A. No, sir.

Q. Have you a letter file?—A. Yes.

Q. Will you look on your letter file and see if there were any letters that passed between you and General Hughes in relation to these fuse contracts before you come again?—A. Yes, sir.

Q. Or telegrams?—A. Yes.

Hon. Mr. DUFF: Are you going to follow a little more closely the nature of the reports?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: I mean the nature of the reports with regard to these two companies.

Sir WILLIAM MEREDITH: You mean the Dowler-Forbes—

Hon. Mr. DUFF: I mean the International, the nature of his inquiries, and of his activities.

Mr. HELLMUTH: What were the inquiries you made with regard for instance to the International Co. with regard to experts or other matters, what were the nature of those?—A. To ascertain for sure that they were able to secure the experts that they expected to secure for the carrying out of this work.

Q. You reported in regard to that?—A. Yes.

Hon. Mr. DUFF: That is with regard to the experts—A. And their financial ability to carry out a contract.

Mr. HELLMUTH: I understood the reports to General Hughes taking the International, were in regard to the financial ability of the proposers who wanted to get the contract, and also in regard to the likelihood, from inquiries you had, of their obtaining the experts whom they expected to obtain?—A. Yes, to make quick deliveries, which General Hughes wanted.

Q. And anything else?—A. Well, that in general covers it.

Q. That covers the International?—A. Both.

Q. You did the same thing in regard to Cadwell, Bassick—the American Ammunition?—A. The American Ammunition and Scovill.

Hon. Mr. DUFF: Just for the moment he had better confine himself to the American Ammunition; what inquiries did he make in regard to that?

Mr. HELLMUTH: Yes, what inquiries did you make in regard to the American Ammunition that you reported to General Hughes along the lines you have spoken of of the International?—A. The information that I acquired and reported was that Mr. Gladeck was one of the best men in the United States.

Hon. Mr. DUFF: That was Cadwell's expert?—A. Yes.

Mr. HELLMUTH: And you also reported on the financial ability of these gentlemen?—A. Yes.

Mr. JOHNSTON: I suppose he knew it.

Mr. HELLMUTH: No, he said he had never met Cadwell before.

Q. Did you make any inquiries as to Mr. Cadwell's standing?—A. I knew all about Mr. Cadwell's standing.

Q. But you told me a little while ago personally you had not met Mr. Cadwell except once?—A. Yes.

Q. But you knew all about his standing?—A. Yes.

Q. Did you report that to the General?—A. Yes.

Hon. Mr. DUFF: Does he mean he made no inquiries about Mr. Cadwell?—A. In a general way I found out whose his affiliations were.

Q. Do you mean to say before you set out to make these inquiries you are speaking about you knew all about Mr. Cadwell?—A. I knew he had contracts with the British War Office.

Q. Did you make any inquiry in regard to his facilities at that time?—A. In a general way.

Q. In a general way only?—A. Yes.

Q. And you reported the result of your inquiries?—A. Yes.

Q. Did you inquire with regard to Bassick?—A. Yes, and found he was one of the large manufacturers.

Q. You reported what you acquired?—A. Yes.

Mr. HELLMUTH: And you made a report?—A. Verbally.

Q. Outside of that what else, if anything, did you report or discuss with General Hughes in regard to these contracts during the period, that is before they were signed?—A. I do not remember.

Q. Did you discuss,—I get down now, see if I can bring anything to your memory—did you discuss with General Hughes how these companies would arrange to finance a matter of this kind?—A. I did not.

Q. Did you learn from Mr. Yoakum after the 4th or 5th June that he was going into the matter on a commission basis?—A. I did not.

Q. No use asking if you reported what you did not learn—

Mr. JOHNSTON: It is often done.

Sir WILLIAM MEREDITH: Why confine it to the 4th June? He says after the contract was made he learned of the commission.

Mr. HELLMUTH: After you saw Mr. Yoakum you say in July, and you learned from him, as I understand you did, that he had gone in on a commission basis, that you would share in it, did you then report to General Hughes that you were going to get a commission out of it?—A. I did not; General Hughes was in Europe at that time.

Q. Did you report when he came back?—A. I did not, and I am very sorry now if there has been a wrong impression given that was in any way reflecting on General Hughes by not reporting to him the fact that I did expect to get a commission through Mr. Yoakum.

Q. Did you never report that then to General Hughes?—A. I did not.

Q. It appears that you wrote a letter, or several letters, which were read, or one of them was read in the House on March 28 of this year, and the letter that was read I shall read to you. It purports to be a letter signed by you, and apparently sent to some of the parties who are making tenders or intending to tender or manufacture fuses, and this is the letter:—

May 14, 1915.

Confirming my verbal statements to you of yesterday and in order that there cannot be any room for misunderstanding, I now reaffirm in writing my position in connection with the fuse question.

I have been and am doing my very best to secure the lowest prices possible for the Government, and above all things, wish to do whatever I can to aid them in procuring the best workmanship, lowest prices, and largest deliveries possible; and if you are bidding for the manufacture of this fuse for the Shell Committee or the Canadian Government, I want it distinctly understood that I do not want any profit added to the price under any conditions, with the intention

[J. Wesley Allison.]

of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody in connection with this matter.

Very truly yours,

J. WESLEY ALLISON.

Will you please tell me how you can reconcile the statement in that letter with what you say was your attitude when Mr. Yoakum advised you that he had a commission, and that you were to share in it?—A. That letter is dealing with Dowler-Forbes solely, and had nothing to do with or any reference to any other company.

Q. Why would you not get a commission from Dowler-Forbes if you could take a commission from Yoakum?

Mr. HENDERSON: Will you ask him how it came to be written?

Mr. HELLMUTH: Let me ask these questions as they occur to me.—A. I had negotiations on several other matters with Dowler, Forbes & Co., through Mr. Craven, and I wrote that letter not for to apply to anything but to Dowler-Forbes.

Q. Let me understand, do you mean you had other deals with Dowler-Forbes, other matters?—A. Yes.

Q. On which you were getting a commission or would get a commission?—A. Well, I don't know whether they were—it is possible that I would.

Mr. JOHNSTON: Would what?

Mr. HELLMUTH: Get a commission on these other deals from Dowler-Forbes?—A. There were picric acid deals and shrapnel deals on, and other matters under negotiation at that time, but this letter has absolutely nothing to do with any other company outside of Dowler-Forbes whom I was dealing with, and whom I had become very suspicious of.

Q. I could understand the first part: "If you are bidding for the manufacture of this fuse for the Shell Committee of the Canadian Government I want it distinctly understood that I do not want any profit added to the price under any conditions with the intention of providing a commission for me"; but this I do not understand, "As I would not under any circumstances accept a commission of any kind from anybody in connection with this matter"—how do you justify that?—A. That applied only to Dowler-Forbes.

Q. I want to put the matter clearly before you, you were telling Dowler-Forbes that you would not accept a commission from anybody in the matter, you were not putting it specifically that you would not accept a commission from them, but you were stating that you would not accept a commission from anybody.

Mr. HENDERSON: In connection with this matter.

Mr. HELLMUTH: I know; in connection with this matter?—A. That is just what I meant, just in connection with that matter; I did not go quite far enough, but it dealt with Dowler-Forbes, nobody else.

Q. Had you any other explanation in regard to that letter which you state was sent to Dowler-Forbes?—A. No, nothing that I care to make—

Q. You have told us about your attitude towards Dowler-Forbes, but I am asking you—you have told me your explanation is that that letter was only intended to apply to Dowler-Forbes, and I point out to you that in that letter you would not under any circumstances accept a commission from anybody else in this matter, which I would take it to be is in this matter of the fuse contracts?—A. It applied to them, and I wanted it understood that in their making a bid on these fuses, when I knew that Mr. Yoakum had a combination and the American Tobacco people I did not want it to be misunderstood that Dowler, Forbes & Co. had in any way to provide a commission for me in the matter.

Q. About what time did you write that letter?—A. I have forgotten.

Q. Oh, I see it is May 14?—A. When we were trying to get low prices, some time along there.

Q. On the 14th May when you wrote that letter did you not know that if Mr. Yoakum secured the contract on a commission basis you would be entitled to get a share of that commission?—A. I never thought of a commission at that time.

Q. Why not?—A. Because Mr. Yoakum never indicated in what way he was going to be able to work up a combination to bid, in bidding for these fuses it never occurred to me that Mr. Yoakum would provide a commission in any way for himself; I did not know how he was going to arrange that—a commission had never been discussed or referred to.

Q. Of course you were aware that you had in March, two months previously, entered into an agreement—it is true it was verbal, but binding just the same upon both of you, as I understand both of you admit?—A. Yes.

Q. You had in March entered into an agreement by which you had agreed with Yoakum that on any commission he might get you were to get half?—A. Yes.

Q. I am pressing you on this, and I want you to bring your mind to bear to it; would it not be rather extraordinary that a business man such as you are, because you have said you were not in this affair for philanthropy, would not it at once occur to you when Mr. Yoakum told you he was likely to secure with his associates, a contract, and you knew he was trying to get it, from the Shell Committee, "Well, now, it is a pretty important thing that this should be on a commission basis so that I will get something out of it"?—A. I did not think that Mr. Yoakum would be able to provide much commission or a commission at the price that I asked him to try and procure these fuses for.

Q. Was it or was it not clearly present to you when Yoakum was put in touch with this situation that you had put in touch with it a gentlemen who was more or less tied up to you on a commission basis?—A. We had very large negotiations outside of this.

Q. I perfectly appreciate that?—A. Mr. Yoakum is a very resourceful man and a man of very considerable means, and when I asked him to try and get up a combination to compete in the bidding on these fuses I did not know that he would provide a commission at that time, it never occurred to me.

Q. I understand that you were taking the position with Dowler-Forbes at all events that you were not to be looked upon as seeking any commission, that was the position you were taking; now, why not take it a little further and say that you intended that position to be represented to General Hughes, because I don't know how he would have got the letter unless you had; is not that so, that you wanted General Hughes to understand that was the position you were taking with Dowler, Forbes & Co.?—A. I did; I did not want Dowler-Forbes or anybody else who were bidding for the contract to manufacture these fuses to have anything that would have a tendency to have them raise the price; I wanted to get the lowest price possible from everybody.

Q. I am endeavouring to be perfectly fair, but I want you to follow this closely; you have said, and if you want to vary it do so, you have said that you not only did not want Dowler-Forbes to add to the price, but that you wanted to make it clear to them that they were not to add to the price by providing any commission for you, and you also wanted to put yourself before General Hughes in that position?—A. Yes, sir.

Q. Do you think it was not your duty at the same time to have made it abundantly clear that if the Yoakum people got it and there was any commission in it you were going to get a commission, do you think it was fair to leave the matter in that light, fair to yourself?—A. I think the Yoakum people as competitors were instrumental in bringing this price down from \$4.90 and at that time I never thought of a commission being provided for me, I did not know how Mr. Yoakum was getting up his organization, I did not know whether he was financing it by himself or anything about it.

Q. And you did not know he was not doing it, may I say that, on a commission basis; you did not know how he was doing it; there were possibilities of his financing

[J. Wesley Allison.]

it himself, there were possibilities of his doing it on a commission basis, as he did do; those were the possibilities; did you think of those?—A. No, I did not.

Q. I am going to ask you something perhaps a little harder, how was it that in July you knew you were getting a commission that you did not then come out and say, "I have got a commission out of this fuse contract"?—A. I am very sorry that I did not, if it has created a wrong impression; it would not have affected the situation a particle.

Q. I do not know that you are the party to judge of that, with all respect?—A. Mr. Yoakum could have refused to have recognized me if he wanted to.

Q. I would hardly say that; you have never found Mr. Yoakum a man who does not stand by his word or verbal agreement, have you?—A. No, sir.

Q. So that as far as Mr. Yoakum was concerned, you were pretty safe, quite safe as and when the commission were paid, to get your share, and you so dealt with it, didn't you?—A. Yes.

Q. Very shortly after the commission was advised to you by Mr. Yoakum you began to treat that fund, or your share of it, as yours, and to give orders on it, did you not?—A. Yes, in December.

Q. No, I think it was earlier than December?—A. It may have been.

Mr. HENDERSON: No, December and January.

Mr. HELLMUTH: However, have you any explanation other than what you have given as to why you did not advise General Hughes that so far as the Yoakum, Bassick, Cadwell or the American Ammunition contract was concerned you had received a commission?—A. Not at present.

Sir WILLIAM MEREDITH: It was suggested in the course of the examination that that letter to Dowler was not the only letter of the same kind; perhaps you will find out that and ask what he means by becoming suspicious.

Mr. HELLMUTH: Were there other letters of a similar nature to that to Dowler?—A. Well, Rufus L. Patterson was coming to Ottawa, and he asked me for a letter of introduction to General Hughes, and at that time I gave Mr. Patterson a letter of introduction to General Hughes. At the same time I wrote Mr. Patterson a letter and told him that I did not want him to feel or count on me in bidding on this contract, that he had in any way to provide a commission for me, although he had never intimated such a thing to me.

Sir WILLIAM MEREDITH: It was suggested that that was a circular letter.

Mr. HELLMUTH: Yes.—A. Those are the only two letters ever written by me on this subject.

Q. So that you wrote to both Dowler and Mr. Patterson similar letters?—A. Something the same.

Mr. HENDERSON: It was not quite as strong but practically the same.

Mr. HELLMUTH: Q. Outside of these, was there any circular sent out of that kind?—A. No, sir.

Q. Have you got copies of these letters?

Hon. Mr. DUFF: What is the date of the letter to Mr. Patterson?—A. Some time around from the 12th to the 18th May.

Q. I suppose you had replies to those letters?—A. I have a reply from Mr. Patterson.

Mr. HENDERSON: There is a reply from Mr. Patterson. I have arranged with my friend Mr. Atwater that we will admit it.

A. Mr. Patterson is one of the strongest financial and most capable men in the States.

Mr. HELLMUTH: Have you got the reply from Mr. Patterson?—A. No.

Mr. HENDERSON: We have not the reply, but Mr. Atwater has it; we cannot find it.

Hon. Mr. DUFF: There was no reply from the other people?—A. I think not.

Mr. HENDERSON: We have not found any.

A. A great portion of my correspondence has been stolen.

Mr. HELLMUTH: The letter to Mr. Patterson is as follows:—

May 12, 1915.

RUFUS L. PATTERSON, Esq.,  
No. 200 Fifth Avenue,  
New York City,

My Dear Mr. PATTERSON,—In order to let you understand and appreciate my position in connection with the fuse contract referred to in our various conversations, would say that I am particularly anxious to do everything that I can to aid you in any way that you think I can be of service. At the same time, I want my position clearly understood; that is, that I am doing my best to secure the very lowest prices for the Government, and above all to get these fuses made in a way that will be acceptable to the Minister and his Committee, with the largest possible deliveries, as they need the fuses quickly, and also to have as many as possible made in Canada.

I want it distinctly understood that I do not want any profits added to the price of this, under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept one. Low prices, good workmanship, and quick deliveries are what I am looking for.

Faithfully yours,

J. WESLEY ALLISON.

(Marked as part of Exhibit 312.)

And this is the reply:—

“May 15, 1915.

*Personal.*

J. WESLEY ALLISON, Esq.,  
Care Hotel Manhattan,  
42nd Street and Madison Avenue,  
New York City.

My Dear Mr. ALLISON,—I have your letter of the 12th instant, marked “Personal,” and it comes as a distinct surprise to me as I do not know why you think it necessary to write me. “I want it distinctly understood that I do not want any profits added to the price of this under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept one. Low prices, good workmanship and quick deliveries are what I am working for.”

I have never offered you a commission and I had no idea that you were endeavouring to get me or any of my friends a contract.

Your letter of the 3rd instant to General Hughes is all the more appreciated by me because it was written without any solicitation from me.

Yours very truly,

RUFUS L. PATTERSON.

(Marked as part of Exhibit 312.)

Q. It is practically in the same language, Mr. Allison, “I want it distinctly understood that I do not want any profits added to the price of this under any condition, with the intention of providing a commission for me, as I would not under any circumstances accept one. Low prices, good workmanship and quick deliveries are what I am looking for.” Now, if that was your attitude in regard to Mr. Patter-

[J. Wesley Allison.]

son, a competitor with you, or at least with Mr. Yoakum, bidding for that—you knew at that time that they were competitors, did you not?—A. Yes.

Q. Why a different attitude altogether so far as Mr. Yoakum is concerned, because I understand at that time you could not have written that type of letter to Mr. Yoakum or his associates?—A. I did not think it necessary.

Q. I do not think you are quite meeting the point I want to make with you. Were you at that time prepared, if Mr. Yoakum got the contract and got a commission out of it, to take your share?—A. I never thought of it at that time, I never thought of the commission at that time at all.

Q. Why then did you not write a similar letter to Mr. Yoakum and Mr. Cadwell and Mr. Bassick—or did you write to Mr. Bassick?—A. I did not.

Q. You wrote to Mr. Dowler, you have said?—A. Yes.

Q. And you wrote to Mr. Patterson?—A. Yes.

Q. Did you write any such letter to Mr. Cadwell?—A. No, sir.

Q. So that one of the three competitors, or one of the four if there were four, possible competitors of that contract was left out of the class who might not give you a commission?—A. I did not think it necessary to write Mr. Yoakum a letter of that kind.

Q. I do not quite see why you would not think it necessary. That is what puzzles me. You knew he was a man likely possibly to get this contract?—A. I did not know at that time that he was going to get any commission out of it.

Q. Why, no, you did not know that Mr. Patterson was going to get any commission out of it?—A. No, but I wanted to remove from the competitors any idea that they would have to provide any commission for me, because I knew they all expected—everybody in the United States expects to pay a commission, and there is no Ally, no government in the world buying ammunition to-day can buy direct or expects to buy or has bought except by paying commission to somebody. That is, the manufacturers have had to and in many instances the governments.

Q. That makes it to me all the more inexplicable why, knowing that, you did not say to the people whom you had brought in to break the price, "There is no commission in it so far as I am concerned. You can go as low as you like"?—A. There was not at that time. It was not thought of at that time.

Q. You have said that everybody expected to pay a commission. Why would not these manufacturers expect to pay a commission, why would not Bassick, Cadwell and Yoakum expect to pay you a commission, or somebody a commission, for bringing the business to them, if that was the usual thing?—A. I never thought of it at that time at all.

Hon. Mr. DUFF: Mr. Cadwell said that he was not surprised to pay a large commission—I have forgotten his exact words, but it was something like this—for selling his product. Now, do you mean to suggest that you did not write the letter because it must have been clear to Mr. Cadwell and those associated with him that you would not be interested in any such commission?—A. I do not know what was in their minds, because I did not know, I don't think that they knew the business relationship.

Q. What one is trying to get is an explanation of why it was you wrote these letters to the two and did not write the letter to the other group, and what I am suggesting to you is this. Is it that you wish us to understand that you did not write the letter to the Cadwell group because you assumed it would be perfectly understood by them that you would not expect to claim any share in any commission or any kind of remuneration in connection with getting the contract?—A. I had nothing whatever to do with Cadwell and Bassick.

Sir WILLIAM MEREDITH: Had you any reason to think that Patterson's combination would expect to pay you commission?—A. There are no manufacturers in the United States doing business at all, coming in contact with people who are doing a general brokerage business, as I was, but would expect to pay commissions, and I wanted to remove from Mr. Patterson's mind as a friend—

Q. What I want to understand is what you had to do with Patterson's transaction at all to give that idea?—A. Nothing at all, any more than to talk about getting low prices.

Q. With the Patterson people?—A. Yes, with Mr. Rufus L. Patterson—

Q. Finish your answer?—A. I talked with Mr. Patterson in a general way. You see, I had other contracts all the time that I was working on.

Q. On whose behalf were you speaking to Mr. Patterson?—A. On my own.

Q. Well, the effect of your letter to Patterson, if you knew his combination was bidding, would be to prejudice the Yoakum combination, would it not?

Mr. HELLMUTH: Certainly.

WITNESS: I do not know just what—

Sir WILLIAM MEREDITH: If you were telling the Patterson people, who were competitors with the Yoakum people, "Don't add anything for commission"; and if it was usual to add something for commission, then they would be in a better position than the Yoakum combination because they would expect to pay?—A. Certainly they would. That was exactly what was in my mind.

Q. But why?—A. I don't just— I fancy that they would think that I would expect a commission.

Q. Yes; but it looks like a very philanthropic thing to arm your competitor with an advantage over you?—A. I was trying to get the price down on these fuses.

Hon. Mr. DUFF: I suppose you knew that the Patterson people had already been interviewing the Shell Committee and that negotiations had been going on for two weeks when you wrote that letter?—A. Everybody knows these things, you know. I certainly knew it in a general way as everybody else did.

Q. It is pointed out to me that the 3rd of May is the date of the first letter. I suppose you knew even then that negotiations had been going on actively for some time?—A. Yes, sir.

Sir WILLIAM MEREDITH: What did Mr. Patterson mean when he said that your letter of the 3rd of May was written without solicitation from him?—A. I do not know.

Q. How did you come to write the letter of the 3rd of May?—A. Well, I don't remember exactly the reason for that. I think it was at the end of May that I wrote the letter of introduction to General Hughes.

Q. He says it was unsolicited?—A. It was not—my recollection is it was referred—

Mr. HELLMUTH: Can you get that letter of the 3rd of May?—A. I think that was a mistake.

Sir WILLIAM MEREDITH: You think that date is wrong?—A. I am not sure.

Mr. HELLMUTH: It could not have been the letter of the 18th?—A. I think it is a mistake.

Mr. NESBITT: It looks to me from reading over the letter that there is some mistake in the copy.

WITNESS: I think this is a mistake in the copy, because my letters are all—

Mr. ATWATER: How could the letter of the 18th of May be referred to in the letter of the 15th?

WITNESS: I think it was the 3rd.

Mr. HELLMUTH: This is:—

My DEAR GENERAL,—Permit me to introduce Mr. Rufus L. Patterson, an esteemed friend of mine for twenty years, who desires an interview with you regarding a fuse contract he desires to bid on. Mr. Patterson is a man of integrity and exceptional ability, and I have no hesitancy in saying that I

[J. Wesley Allison.]



believe he would carry out in a most satisfactory way any contract he might undertake.

Any courtesy you might extend to Mr. Patterson would be very greatly appreciated by—

Sir WILLIAM MEREDITH: Were you, to use a slang expression, "Laying pipes" to get other business from Patterson?—A. I think that we were talking to Mr. Patterson about Russian fuses, either at that time or later on, I don't know which, in a general way.

Q. You told us that you were to get down the prices. Did you know who the competitor was, the one that was bidding whose prices you were to get cut below? Did you know it was Patterson's associates and himself?—A. I think so.

Q. How did you write General Hughes, Mr. Allison, introducing the man against whom you were competing?

Mr. EWART: Excuse me, against whom he was competing?

Sir WILLIAM MEREDITH: I do not think anybody misunderstands what I mean. Against whom competition was desired?

Mr. EWART: Yes.

Mr. HELLMUTH: I do not understand it at all myself.

Hon. Mr. DUFF: Have you got the Patterson letters?

Mr. HELLMUTH: They went in as one exhibit.

Hon. Mr. DUFF: Did you approach Mr. Patterson in any other attitude or capacity than as a person who was interesting himself on behalf of General Hughes to get these prices down and to get delivery of munitions?—A. Oh, I don't think so.

Q. It was in that capacity you approached him, and only in that capacity?—A. I think so. I have known Mr. Patterson for many years.

Mr. HENDERSON: But answer the question.

Hon. Mr. DUFF: On that hypothesis Mr. Patterson's letter is quite explicable.—A. I think so.

Q. Because he is repudiating the suggestion that anybody in your position should conceive the idea that you would think he would give you a commission?—A. I would think so.

Q. That is it.

Mr. HENDERSON: Would you ask him the same thing in connection with his attitude to Dowler and Forbes?

Mr. HELLMUTH: If that is the true position, it looks as though you had gone, and intended that Mr. Patterson should also come down in price. Did you know where this higher price had been fixed? Was it the competitor Patterson, or was it anybody else who was asking the higher price?—A. I think the price Mr. Ryan or Mr. Dowler was talking at that time was somewhere between \$4.60 and \$5.

Hon. Mr. DUFF: At that time?—A. That would be around the 1st of April.

Q. The first of April?—A. The first of May—the latter part of April or the first of May.

Mr. HELLMUTH: When you say that General Hughes told you to get somebody to try and break the prices, against whom were those prices to be broken? That is what I want to get at. Who was the person whose prices were to be broken? Did you know first of all?—A. Only just those that I knew were bidding.

Mr. HENDERSON: Who were they?

Mr. HELLMUTH: Who were they?—A. Dr. Harris—

Q. That was Mr. Patterson, was it not?—A. Yes; and what we call the Tobacco Combination.

Q. Yes, the Tobacco Crowd. And who else?—A. And the Dowler-Forbes-Ryan Combination.

Q. Then, Mr. Allison, what I cannot understand is why, if you knew that Harris, Patterson or the Tobacco Crowd were bidding, and were the people against whom you wanted to break prices, you would give a letter of introduction to one of them to General Hughes?—A. I don't see anything extraordinary about that.

Hon. Mr. DUFF: He says he was disinterested.

Mr. HELLMUTH: I see.

Hon. Mr. DUFF: He was acting disinterestedly for the benefit of the interests that General Hughes represented with the object of getting down the prices of munitions and getting deliveries.

Mr. HENDERSON: Would you ask him if he had been discussing that with these people irrespective altogether of the Yoakum transaction, that he had been reasoning with them trying to get their prices down?

Mr. HELLMUTH: Had you been discussing prices with Dr. Harris and Mr. Patterson prior to the letter you gave to General Hughes?—A. I think so. I think they intimated the price.

Mr. HELLMUTH: All I am desirous of doing, Messieurs Commissioners, is to get something that will show why these letters were given to Mr. Patterson.

Sir WILLIAM MEREDITH: I do not know why you appeal to the Commissioners.

Mr. HELLMUTH: I thought from Mr. Justice Duff's remarks that he considered I was particularly dense in not understanding the explanation of the witness.

Hon. Mr. DUFF: I am sorry. I thought the explanation the witness himself was trying to give was the way I suggested, but I did not mean for one moment to imply that all the difficulties were cleared away at all. That is a different proposition.

Mr. HELLMUTH: That is what I thought.

Sir WILLIAM MEREDITH: Mr. Hellmuth, there is one other thing I would like you to get from the witness so it shall not be forgotten. He was suspicious of Dowler. What does that mean?

Mr. HELLMUTH: When you say you were suspicious of Dowler and Forbes, what did you mean by that?—A. I don't know whether you want—

Sir WILLIAM MEREDITH: This is getting on dangerous ground, is it?

A. There was a great deal of talk about Dowler-Forbes & Company being mixed up with Sir Courtenay Bennett and others.

Mr. HENDERSON: That is dangerous ground.

WITNESS: I don't think that I should be called upon to go into that.

Mr. HELLMUTH: Well, we are pursuing a rather—

Mr. HENDERSON: It does not help anybody.

Mr. JOHNSTON: It does not hurt anybody.

Mr. NESBITT: Let it come out, Mr. Henderson. Why should he protect Sir Courtenay Bennett?

General Sir SAM HUGHES: Not a bit.

Hon. Mr. DUFF: He is not here.

Mr. HENDERSON: And it cannot do any good.

General Sir SAM HUGHES: Give it right out.

Mr. HENDERSON: Well, it cannot help anybody.

Mr. HELLMUTH: I think it is not wise that that course should be pursued. As Mr. Justice Duff has said, Sir Courtenay Bennett is not here, and I think it would

[J. Wesley Allison.]

be rather unfortunate for us to attack anybody who is not here or represented at all. I should be very sorry to do it, no matter how guilty or how suspicious the conduct of anybody may be. Anybody who is here to protect himself we are not afraid of attacking.

Mr. EWART: It has been said that these contracts were let to the two companies to whom they were let while Sir Courtenay Bennett was making more favourable recommendations for other people.

Hon. Mr. DUFF: Who suggested that?

Mr. EWART: That is in the newspapers.

Mr. JOHNSTON: Oh, well—

Sir WILLIAM MEREDITH: The evidence that was read here must have been for that purpose. The statement was made that Sir Courtenay Bennett sent a letter or communication of some kind not to have these contracts concluded until he had been seen, or something of that kind.

Mr. JOHNSTON: Colonel Carnegie's.

Mr. HELLMUTH: That was his evidence.

Mr. EWART: As long as it is understood that we did not forego the benefit of the suggestion from Sir Courtenay Bennett, that we did not overlook or disregard it—

Hon. Mr. DUFF: Who are "we"?

Mr. EWART: The Shell Committee.

Hon. Mr. DUFF: Colonel Carnegie went into that pretty fully did he not?

Mr. EWART: Yes, he explained it very fully. May I read it?

Mr. HELLMUTH: I think it is all in the memory of everybody, if you will just allow me a moment. Colonel Carnegie said that he went to Sir Courtenay Bennett, that certain names were given to him and that he saw these people. I do not think there can be any question that he did not neglect whatever opportunity was given him, and I do not think under those circumstances that the matter need be pursued any further.

Sir WILLIAM MEREDITH: Perhaps we will hear from Mr. Johnston whether any point is going to be made of the fact that that communication was made by Sir Courtenay Bennett.

Mr. EWART: Yes, that will be quite satisfactory.

Sir WILLIAM MEREDITH: If there is no point to be made of it, then the thing may be dropped.

Mr. EWART: Yes.

Mr. JOHNSTON: So far as my opinion goes, I am not concerned with this gentleman's suspicions against anybody. What I am concerned about, and what I think every one is concerned about, is the relationship and the actions of Mr. Allison with regard to three competing parties, having regard especially to the commission as to one, and the letters as to the others.

Sir WILLIAM MEREDITH: You are not touching the point I am making. There is evidently an attempt being made with a view to showing there was something wrong in regard to these contracts, that notwithstanding that the British representative in New York had warned Colonel Carnegie not to sign these contracts, he had gone on and made the contracts. Now, if anything is to be made on that point, as it occurs to me at present, I do not definitely express an opinion, that ought to be probed to the bottom, no matter who is involved.

Mr. EWART: The passage I wish to read is about the middle of page 60. It is a letter from Sir Courtenay Bennett to Colonel Carnegie:—

DEAR COLONEL CARNEGIE,—May I ask you not to sign any contract for time fuses until you have communicated with me? This is most important in the interests of Canada.

A great deal has been made of that letter. It has been suggested that we deliberately threw that aside in order to make the contracts that we have made.

Mr. HENDERSON: The witness has asked me to say to the Commission that he feels hardly capable of thinking again. Mr. Hellmuth tells me he has another witness available.

Mr. HELLMUTH: There are still several matters I want to discuss with the witness, but I am quite willing that he should get a rest if he feels tired out.

Hon. Mr. DUFF: We ought to know about this point that has just been put to you, Mr. Johnston, because if that question is really going to be raised—I did not understand it was at all—then we will have to investigate it. It cannot be left as an innuendo, you know.

Mr. JOHNSTON: Mr. Carvell has a good deal to say about that.

Sir WILLIAM MEREDITH: Hadn't you better confer with him?

(Counsel confer with the commissioners.)

Mr. HENDERSON: May the witness retire now?

Sir WILLIAM MEREDITH: Certainly. Will Mr. Hellmuth take him up again?

Mr. HENDERSON: Yes, when he is through with the next witness.

Mr. HELLMUTH: Of course, I want to know about this other matter before I take him up again.

(Witness retires).

Hon. Mr. DUFF: Perhaps you had better have a short adjournment.

(Counsel discuss the subject of adjournment with the Commissioners.)

Mr. HELLMUTH: Well then, Messieurs Commissioners, I will call Mr. E. Carnegie.

EBENEZER CARNEGIE sworn and examined.

*By Mr. Hellmuth:*

Mr. Carnegie, you were a member of the Shell Committee?—A. Yes, sir.

Q. And you are one of those appointed a little later than the first three?—A. The 8th of September, 1914.

Q. What business had you been following before that?—A. I am an engineer and I was in business in Welland with the Electric Steel and Metal Company, Welland.

Q. You are an engineer yourself?—A. Yes, sir.

Q. And you have been how long in Canada?—A. Since December, 1913. I came out from England to build the Electric Steel and Metal Company's plant at Welland for the manufacture of steel and general engineering.

Q. Your calling was that of an engineer?—A. Yes, sir.

Q. And I believe you had had considerable experience in England and Scotland?—A. Yes, sir. Since the year 1900 I had been connected with four of the largest munition works in England: Vickers Sons & Maxim, the Woolwich Arsenal, Cammell, Laird & Sons, Sheffield, and Thomas Firth & Sons, Sheffield.

Q. And what had been your position with these people?—A. With Vickers, Sons & Maxim I was engaged in the manufacture of all sizes of shells. In the Woolwich Arsenal I was connected with experimental work in the field gun section; that was

[Ebenezer Carnegie.]

in the Royal Gun factories connected with the field guns. In Cammell, Laird & Sons, Sheffield, I was put in the plant for the manufacture of shells right from the 18-pounders up to the 12-inch armour piercing shells: With Thomas Firth & Sons I was engaged in the manufacture and the reconstruction of the steel plants and the shell plants and the organization of their shell shops.

Q. Had you any fuse experience?—A. Nothing further than I think, in fact I know that fuses were manufactured by Vickers Sons & Maxim in so far as they were connected with shells. I knew what a fuse was, but I had been chiefly connected with the manufacture of shells, apart from the fuses.

Q. If I may ask you this question. Apart from Colonel Carnegie—who is a brother of yours is he not?—A. Yes.

Q. You have another brother who is in a very large manufacturing way in England, have you not?—A. I have one brother who is General Manager of the Royal Small Arms factory, a government position of course.

Q. That is a government position in England?—A. Yes. That is the Royal Small Arms Factory for the manufacture of rifles. I have also another brother who is head of all the manufacturing of shells at Cammell, Laird & Sons, at Sheffield. He left the government service recently.

Q. You have all gone in for engineering in some line or other.

Sir WILLIAM MEREDITH: They have all gone in for phlebotomy—blood letting.

Mr. HELLMUTH: They are not surgeons.

Sir WILLIAM MEREDITH: Worse than that.

Mr. HELLMUTH: Now, had you any interest in this Welland proposition at the time you came out?—A. Yes, sir.

Q. You took an interest?—A. I was managing director. I came out here as managing director of the Welland concern.

Q. But I mean, were you one of the incorporators or one of those financially interested?—A. I was one of the five that signed—I was not one of the organizers and collaborators, but I was one of the first directors.

Q. As well as Managing Director were you financially interested in it?—A. Yes, sir.

Q. You took a financial interest?—A. I did.

Q. And that was to establish what kind of plant at Welland?—A. For the manufacture of steel by the electrical furnace process and general engineering.

Q. Had that manufacture of steel by that process been carried on here, do you know?—A. It had not been in Canada, it had been in the United States. It was used largely in Germany. I was connected with that in Sheffield with Thomas Firth & Sons, where we installed a furnace of similar type.

Q. Then you came out in December, 1913?—A. December 11th, 1913.

Q. And how soon did you commence the building of this plant at Welland?—A. At once. The foundations had been put in for the building, and the structure was completed in May, 1914.

Q. Were you actually manufacturing the steel at the time war broke out, or had you commenced manufacturing?—A. No, had been delayed.

Q. It does not matter how, you had been delayed?—A. We were delayed. We started in October, but our plant and equipment was ready in July.

Q. But although your plant and equipment were ready at the time you were appointed as a member of the Shell Committee, you had not actually begun the turning out of steel?—A. We had not.

Q. But you have since?—A. Oh, undoubtedly, yes, sir.

Q. And I suppose there is no question that some of the steel that has been used for shells since was manufactured at the factory at Welland?—A. That is so.

Q. Now, General Bertram has said that in regard to the prices of the various component parts of the various munitions, shells principally, he was the one—you have been here almost all the time, haven't you?—A. Yes, sir.

Q. He was the one who at the first, before your brother Colonel Carnegie arrived, set the prices. Do you know how that is?—A. The only price that I had anything to do with was the first price for the 200,000 shells.

Mr. EWART: Had we better go into that?

Mr. HELLMUTH: No, I am not going into that.

Q. You have misunderstood me. I mean the prices for the component parts that you supplied. I am not talking about the price of the shells, but of the component parts?—A. I knew nothing about that.

Mr. CARVELL: You have gone into it so far already that I do not think it can do any harm.

Mr. HELLMUTH: I do not think so, but my learned friend is technically right.

Q. But there can be no objection to just stating this, that so far as the first 200,000 order was concerned you had something to do with the consultations then?—A. It was discussed at one of the committee meetings at which I was present.

Q. And you took a part in that?—A. Yes. And to arrive at that price I went down with others to the Quebec Arsenal. We were down there for two days, and Colonel Lafferty gave us the opportunity of going through his books. There were several manufacturers present. I remember Mr. Goldie of Goldie and McCullough, and we were shown exactly how they arrived at the costs of their shells and how they made up their price.

Q. Colonel Lafferty gave some evidence when you were here in regard to that?—A. Yes, sir.

Q. You remember there was some question asked him in regard to that \$8.55. I really do not remember—

Sir WILLIAM MEREDITH: They added 50 per cent.

Mr. HELLMUTH: To \$5.

Sir WILLIAM MEREDITH: To their cost.

Mr. HELLMUTH: To their cost?—A. My recollection of the cost of the Dominion Arsenal is that their price, without overhead charges, amounted to over \$5.

Q. Without overhead charges?—A. Without overhead charges. I have got that in Welland, the prices that Colonel Lafferty supplied me, but I have not been to Welland since then. I remember that it came to \$4.80 odd, the operations without the steel, that was with the component parts.

Mr. CARVELL: The cost without overhead was over \$5?—A. That is the best of my recollection, I would not say that is correct, but that is the best of my recollection.

Mr. HELLMUTH: But you have a memorandum.—A. I have at Welland.

Q. Are you going back to Welland?—A. Going back to-night.

Q. You might bring that memorandum with you when you come here again?—A. I shall do that.

Q. At all events, you were one of the party who was consulted at that meeting when the price was fixed at \$8.55, 11 cents being allowed for administration expenses?—A. Yes, sir.

Q. You remember that?—A. I remember that.

Q. Your brother of course was not there then?—A. He was not in Canada at that time.

Q. But you remember what General Bertram and the others said in reference to that?—A. I do.

[Ebenezer Carnegie.]

Q. Does that coincide with your recollection?—A. Practically, yes.

Q. At that stage, what was your view of the status of the Shell Committee?—A. Well, we were a body of manufacturers, and in addition two or three military men had been asked to supply a quantity of shells to the British Government, and we determined to the best of our ability to supply these shells as quickly as possible and at the lowest price.

Q. May I assume from that that you had no idea—at all events then—of any possible contractual relationship?—A. None whatever.

Q. Between you and the War Office?—A. None whatever.

Q. When, if at all, did that first dawn upon you that you might occupy that position?—A. The contract which is dated October 1st was sent to me by Colonel Watts at Welland, and of course when I read that I immediately saw that the War Office apparently wanted us to be contractors, for it was an agreement between the party of the first part and the party of the second part; and it immediately dawned upon me what they were wanting. I left that in my desk to the end of the day, and then I signed the contract, realizing fully what they were expecting of us, that they were wanting us to take the responsibility of supplying those shells at a certain price.

Q. Had you any consultation or discussion with anybody with regard to why this was being done?—A. None at all.

Q. It came from Colonel Watts?—A. Yes.

Q. Did his letter contain any explanation of why you were to be contractors?—A. None at all. As far as I remember the letter, it was enclosing herewith contract for the War Office, and asking me to forward it to General Bertram. Colonel Cantley had not signed then.

Q. So far as you were concerned it was somewhat in the nature of a bolt from the blue?—A. Well, I know something of the workings of the War Office, and it is just what would be expected from them.

Q. I would like a little explanation of that, now that we have got some one who knows.

Sir WILLIAM MEREDITH: Perhaps it is dangerous.

Mr. JOHNSTON: Be very careful.

Mr. HELLMUTH: I shall.

Q. What do you mean by what would be expected?—A. They were not going to leave the thing open. In my opinion they wanted something definite in black and white that a certain quantity of shells would be supplied at a certain price. I thought over it for the day, and it seemed that they wanted something definite, and wanted to make someone responsible.

Mr. EWART: Something to put on the file.

The WITNESS: Something to put on the files, that is it.

Mr. JOHNSTON: In black and white

Mr. HELLMUTH: Q. Were you at all alarmed at any possible liability, or charmed with any possible profit that might come?—A. Well, I don't know that. I realized on the signing of the contract—I had made several similar contracts, not with the War Office, just in a commercial way, and of course they are binding. I considered on signing that I was bound. In the event of any profit it would come to the manufacturers and if they lost they would be liable, the four of us who signed the contract would be liable for any loss. However, I want to make it quite clear that never once did it enter into my mind or the mind of either of the other three contractors to retain that money for themselves, never once.

Q. Did you have any discussion as to the position that you had assumed by signing that contract, when you met the other members of the Shell Committee?—A. I do not remember at this time that we had any discussion at that time, at the next meeting.

Q. As far as you remember you did not discuss it?—A. I have no recollection of it.

Q. What did you think was likely to be the result of the carrying out of the first order for shells, I mean that two hundred thousand, did you look for a possible profit or a possible loss?—A. I knew what Colonel Cantley gave in his evidence, that he had spoken to certain persons regarding the prices of shells, and that there might be a possible loss; but I was not familiar—it is quite natural for one to conclude that because I had been connected with shell manufacture that I should be in a position to know what they should cost, but I was not familiar with the Canadian manufacturer, I was with the British manufacturer and would have been in a much better position there.

Q. Yes?—A. And the only way we had at arriving at a cost was by seeing the Dominion Arsenal figures and making a reasonable allowance for the expenditure that had to be put into machinery, and also considering at the same time as it was clearly expressed, that there was very little likelihood of Canada getting any further orders than the two hundred thousand.

Q. Did you accept the view of Colonel Cantley that at the early stages there was likely to be some loss, or did you remain doubtful?—A. I was not clear about it.

Q. Some little time later on, at all events by the early part of the following year, January or February at latest, you began to realize that there was going to be a profit?—A. I did, sir.

Q. Did you have any discussion or talk about this profit with the members of the Shell Committee or any of them and what might be done with it?—A. The first recollection I have of any mention being made of profit was from General Bertram.

Q. Yes?—A. At what time I cannot recollect. I think it must have been some where around May, but I cannot fix the date

Q. You mean May 1915?—A. I mean May 1915. He said to me that he had about four million dollars saved. I might say that we only attended the meetings of the Shell Committee as manufacturers, and as to the inner workings we took no interest. Experts were engaged from a technical and financial point of view and it was left to them. General Bertram said something about four million dollars that had been saved over the War Office prices that they allowed the Shell Committee.

Mr. CARVELL: Is that in May?—A. I could not say whether it was in May.

Q: That is approximately?—A. It is possible that it may have been May.

Mr. HELLMUTH: Was anything more said or did you ask what would be done with it?—A. Well, I have in my mind now, where I got it from I do not know, but I am of the opinion that it must have been talked over in a general way, I cannot remember any specific instance when it was talked over, that that was going to be handed back to the War Office. When we had completed our contract we intended to hand the money back to the War Office.

Q. May I suggest that you were to get great credit and honours for so doing? I am not saying that offensively.—A. No, we were not looking for honours.

Q. Were not you a little proud of the fact that you were going to do that?—A. Yes, most certainly. Prices had been entered into; they did not agree with them, they said "They are too high" and we got their price and made a further reduction. Therefore, I think with all modesty that there was credit due to the manufacturers.

Q. Is there anything more in regard to the attitude or status of the Committee speaking generally that you would like to mention, that I have not brought out by questions? I do not want to go into the details.—A. No, only that so far as I was concerned I always considered that we were contractors under that contract. We had signed a contract between the Minister of Militia, acting for His Britannic Majesty, and the four contractors of the second part, to deliver certain goods at a certain price. As I have already said, I have signed similar agreements and I have never yet seen where you could get out of them.

[Ebenezer Carnegie.]



Q. But at the same time, you told me that you never had the intention of doing what ordinary contractors would do under the circumstances, that is retaining the profits.—A.—Never once, it never entered our minds.

Q. What about losses?—A. We would have been liable but we realized early in the year that there would not be losses.

Hon. Mr. DUFF: Closely related with this as touching the suggestions that have been made here by one or two members of the Shell Committee, that they considered that one of the consequences of this view of their position was that they were not subject to the control of the War Office with regard to the manner in which they procured the components parts or as to the price for which they procured them for the purpose of constructing the shell, which was to be supplied at a certain price, if he can remember I would like to get a statement as to whether their position was ever discussed from that point of view, and if so, when that emerged in the form of anything like a formulated position.

Mr. HELLMUTH: You have heard what Mr. Justice Duff has said?—A. Yes.

Q. And you have also heard the evidence. Tell me generally what was said or agreed to or decided upon or understood in reference to that, and when.—A. I don't know that it was ever discussed and yet it was mentioned at times.

Hon. Mr. DUFF: I do not want to interrupt, but my question ultimately is pointed rather to the fact that any commission agreement among you was evidenced by some sort of discussion or action. I do not want to interrupt you.—A. Well, some other witnesses spoke about a feeling in the air that the responsibilities of the War Office ceased in so far as dealing with the contracts when they arranged the prices or agreed to accept the prices between the Shell Committee and themselves, and that they had nothing whatever to do with the letting of the contracts after the Shell Committee had agreed to accept them. That was the feeling. Is that the question?

Q. It is in part. Can you recollect whether that point of view had been agreed upon or suggested in discussion prior to the time that these fuse contracts came up for consideration?—A. I cannot recollect at all.

Mr. HELLMUTH: Was there any conversation at any time in regard to the sub-contract with the War Office as to price?—A. The sub-contract, I do not quite understand.

Q. You got a contract for shells.

Sir WILLIAM MEREDITH: Component parts.

Mr. HELLMUTH: Then you let out component parts here and there?—A. Yes.

Q. Those are what I call sub-contracts?—A. Yes.

Q. Had you any consultation or conference or advice or instruction from the War Office in regard to price in those sub-contracts?—A. None whatever.

Hon. Mr. DUFF: Even with regard to fuses?—A. None whatever.

Q. My question of course is ultimately directed to the question of fuses, treating the fuse as a component part.

Mr. HELLMUTH: As far as your knowledge goes—I am speaking of the fuses for this five millions shell contract—had you any instructions or advice in regard to price, or in regard to the sub-contractors for those fuses?—A. I do not know anything about that.

Q. You mean that you do not know of any?—A. No, I do not know of any.

Q. Is not it a fact that before your brother came out General Bertram fixed a definite price for a component part that would be wanted, and every manufacturer got the same?—A. Undoubtedly that is so.

Q. I mean that General Bertram said "this component part I fix \$3.50"—I am just taking arbitrary figures?—A. Yes.

Q. And nobody got \$3.51 or \$3.49?—A. The one price applied to all for a component part.

Q. And it was after your brother came out that General Bertram and your brother did that, is not that so?—A. No, I do not think that is quite correct. General Bertram as I understand it made all prices until my brother became a member of the Shell Committee.

Q. He became Ordnance Adviser?—A. He became Ordnance Adviser and was consulted in these things, but I think General Bertram has already given in his evidence that he fixed the price until that time.

Q. Who fixed them afterwards?—A. General Bertram and my brother in consultation.

Q. Then, I am quite correct. I say that up to the time your brother came out General Bertram fixed them himself.—A. Yes.

Q. Afterwards he fixed them in consultation?—A. Yes.

Mr. NESBITT: There was a period when his brother was not a member of the Shell Committee—A. After he became a member of the Shell Committee.

Mr. CARVELL: That would be in April.

Mr. HELLMUTH: You mean that during the time he was merely Ordnance Adviser your brother did not have the fixing of the price?—A. No. General Bertram, I understand, fixed all the prices.

Q. Can you tell me whether General Bertram, during the time he fixed the price himself, or during the time he fixed the price after your brother became a member of the Shell Committee, in consultation with your brother, whether he ever received any instructions or orders or directions from the War Office in regard to the fixing of these prices for component parts?—A. I don't think they had anything to do with it.

Q. You don't think who had anything to do with it?—A. The War Office. That was a matter of the Shell Committee itself.

Hon. Mr. DUFF: Or the place where they were to get them, whether for example they were to be got in Canada, or in the United States?—A. I don't consider they had any right to.

Mr. HELLMUTH: So that your attitude was first of all that the War Office had nothing to do with it, and secondly that they had no right to do with it?—A. I don't think they had any right to do with it, and I don't think they took any right, that is, to the best of my knowledge.

Hon. Mr. DUFF: I am only getting the point of view.

Sir WILLIAM MEREDITH: Isn't it pretty clear now what the point of view was?

Mr. HELLMUTH: I think so, sir.

Q. Mr. Carnegie, you remember, I suppose, the question of fuses?—A. I do, sir.

Q. The first meeting of the Shell Committee at which fuses were discussed—I need not go through this with you—you remember meetings when fuses were discussed?—A. I do.

Q. Do you remember whether you attended any of the meetings at which your brother and General Bertram brought in reports of negotiations?—A. There was a report. The question of fuses came up the day after Mr. David Carnegie returned from the West, which was on the 27th of April, I think. There was a meeting on that day, and the question had been discussed, I believe, with General Bertram while he was away, the question of fuses and their manufacture in Canada, and I think it was at that meeting that a motion was put that he should go to the States to investigate the manufacture of fuses, that is, to look further into what General Bertram had been doing.

Q. And that was about the 27th of April?—A. I think it was on the 27th of April.

[Ebenezer Carnegie.]

Q. Did you know then about what price was likely to be fixed or asked at all events for the time fuses?—A. By whom?

Q. By any of the people who were going to be willing to manufacture them?—A. No, I was not aware of any prices.

Q. And at that time you assumed that it was just time fuses that were to go on these shells?—A. Undoubtedly.

Q. You did not know anything about the graze fuse then?—A. I knew nothing about the graze fuse then.

Q. I mean in reference to the five million order?—A. No. There was Dr. Harris, Mr. Patterson, and Captain Torney, I thought, but I am not sure about that. I know Dr. Harris and Mr. Patterson were there on the 27th, and the question was discussed about the fuses and their manufacture, and I think the first million, if I remember rightly (I am only speaking from memory, and would not like to be put down as saying anything definite) were to be manufactured in the United States—that was the first thing discussed—and the remaining four million were to be manufactured in Canada. I remember distinctly at that meeting their saying that they could not manufacture four million in Canada. It finally came down, to the best of my recollection to this, that they would manufacture a million and a half in Canada, that is, they wanted to get started so that there would be no delay in the delivery of fuses to make the complete rounds of ammunition. The shells would be lying here before the fuses were ready.

Q. At all events, at that time Dr. Harris and Mr. Patterson were "on the carpet," so to speak?—A. Yes.

Q. And your brother was to go over to the States?—A. Yes.

Q. Were you present at a later meeting prior to the 19th of June at which there was any discussion—or do you remember?—A. Colonel Watts referred to a meeting of the 4th of June, a meeting held in the Windsor Hotel, Montreal.

Q. General Pease was present at that meeting of the 4th of June, was he?—A. He was at that meeting. That was the first meeting after Colonel Cantley's return from England.

Q. You were at that meeting, were you?—A. Yes, I was at the meeting.

Q. Was General Pease there too?—A. General Pease was there too. That was the first time I had met General Pease.

Q. I don't think his name is reported as being there?—A. Yes, it is in the last clause.

Q. Yes, I see it is in the last clause. Does your recollection coincide with that of Colonel Watts?—A. Yes. I was there, and we discussed these contracts. I was there with Colonel Cantley, and we discussed and he went off to the Shell Committee after the discussion we had, and we talked to the Shell Committee to write the letter that has been already put in.

Q. You confirm his recollection of it?—A. I do.

Q. The next meeting we come to is a meeting of the 19th of June. I see you were present at that meeting, the meeting when these contracts were signed?—A. Yes.

Q. Do you remember both sets of people being there, that is to say, the International Arms and Fuse Company and the American Ammunition Company—do you remember both sets of people?—A. I remember the contracts being read by Mr. Orde. Mr. Orde sat at the end of the table and read over the contracts.

Q. I may take it that up to this time that outside of a more or less general interest you were not concerning yourself particularly or specially with the procurement of these contracts for fuses?—A. Nothing further than in a general way. It was discussed at the meetings.

Q. It was being left to General Bertram and Colonel Carnegie?—A. That is so.

Q. There is no question about that?—A. Undoubtedly.

Q. And you were prepared, unless something extraordinary had happened, to accept their judgment?—A. Quite.

Q. Is that right?—A. That is so.

Q. General Pease was present at that meeting, it appears?—A. Yes, sir.

Q. Do you remember whether he took any part in the discussion?—A. He took part in a general way, as far as I remember.

Q. You must have known, Mr. Carnegie, the prices that were paid then for the two kinds of fuses, when these contracts were let?—A. Yes.

Q. And you must have realized that the prices were \$4.50 for the time fuse to both companies, and \$4 for the No. 100 graze fuse?—A. Yes.

Q. Hadn't you some knowledge, from your engineering training in the Government Arsenal and Ammunition Works as to what might be a reasonable price for fuses?—A. I had never seen a No. 100 fuse.

Q. What about the time fuse—the 80 mark 5 fuse?—A. The time fuse? I thought it was a very reasonable price, and I think so now.

Hon. Mr. DUFF: The \$4.50?—A. Yes, sir.

Mr. HELLMUTH: You thought that was a reasonable price?—A. I thought that was a very reasonable price.

Q. What do you mean by a reasonable price?—A. I think it was very favourable from the Committee's standpoint that they were able to obtain a \$4.50 price for the fuse.

Q. So that you are speaking now from the Committee's side?—A. From the Committee's side.

Q. What did you know about the prices of graze fuses, not necessarily the No. 100, but the graze fuses in England?—A. I did not know anything then. I did not profess to know anything about the manufacture of fuses. I knew what a fuse was, and I knew that during the three years I was in Vickers' they were experimenting with fuses, and may be experimenting now, but they never got any satisfactory results from it.

Hon. Mr. DUFF: It was not satisfactory in its results?—A. It was not a similar fuse to the fuse under discussion now.

Sir WILLIAM MEREDITH: The graze fuse?—A. No, sir, the time fuse.

Mr. HELLMUTH: Is it fair to say that notwithstanding what experience you have had as a Government engineer and in arsenals, you hadn't any sufficient technical knowledge yourself in regard to the prices of graze fuses, so as to be able to know?—A. No, sir.

Q. At that meeting were you there when the contract was actually signed?—A. The contracts were not signed at that meeting. They were signed in the evening, if I remember rightly. After the Committee had left, there were one or two points which had to be settled up.

Q. Were you present at the meeting of the 17th of July? First of all, in regard to those two contracts, was any approach made to you by anybody in regard to the letting of these contracts?—A. None whatever. I never heard of it.

Q. Did you know of Colonel Allison in the matter?—A. In what way?

Q. As having anything to do with these contracts?—A. I did not. I don't think I knew anything about it. I have heard so much about it the last three weeks here that one's mind becomes confused, but to the best of my recollection I never knew he was negotiating in it.

Q. I asked you about a meeting of the 17th of July. Were you present at a meeting on July 17th?—A. Yes, sir.

Sir WILLIAM MEREDITH: Does that include the Minister of Militia?

Mr. HELLMUTH: Were you approached by the Minister of Militia?—A. Never.

Q. In regard to this matter?—A. Never.

Q. Was there any inducement of any kind, or pressure?—A. None whatever.

[Ebenezer Carnegie.]

Q. Was your connection in regard to the letting of these fuse contracts simply that of a member of the Committee who had trusted to the expert knowledge of Colonel Carnegie and the judgment of General Bertram and Colonel Carnegie?—A. Quite.

Q. And who was prepared to sanction the contracts as made, in the interests of the Committee?—A. That is all.

Q. Had you any other interest in regard to the matter?—A. None whatever.

Q. Then you were at the meeting of July 17th?—A. Yes, sir.

Q. That was the meeting at which General Pease was present and a proposal—I am not going to read it all, as you know about it—of Mr. Harris and Mr. Russell for the 500,000 No. 100 fuses was up for consideration?—A. Yes.

Q. Do you remember that that contract was let at \$4 for the first 250,000, and at \$3 for the second 250,000, making an average price for the 500,000 of \$3.50?—A. I remember that.

Q. What explanation if any was given to the Committee by any one why the price should be changed from \$4 to \$3.50, in fact to \$3 for the second 250,000?—A. Between June 4 and that time it had become known I think to every member of the Committee that the price in the States for graze fuses was much lower, or was lower than had been paid by the Committee in the first instance, and notwithstanding that an average price for the 500,000 was arranged to be paid to the Russell Motor Car Company, on the distinct understanding that those fuses were to be made in Canada, to start the manufacturing in Canada.

Q. Do you remember whether General Pease gave any information to the Committee?—A. Undoubtedly, he was the source of the information that the price had come down. He had in the meantime, since the meeting I think on June 4—

Q. June 19, it is?—A. I am talking of June 4. General Pease had been in the States, and he was in a way more or less connected with the Morgan interests, and therefore had access to the prices, and knew exactly what was being paid, whereas the Shell Committee did not.

Hon. Mr. DUFF: When was this?—A. On July 17. He reported that at the meeting.

Q. I thought you were suggesting that he had reported something on the 4th of June?—A. No, sir. I am speaking of July 17.

Hon. Mr. DUFF: There must have been some confusion about the dates.

Mr. HELLMUTH: General Pease attended a meeting on June 4th. I do not want to touch that meeting, because it has no bearing. General Pease attended the meeting on June 19th, and on that date General Pease approved of \$4.50 and \$4.

Sir WILLIAM MERIDITH: He has not said so yet.

Mr. HELLMUTH: Did General Pease approve of it?—A. Yes.

Q. Of the contract?—A. Yes, with the Russell Motor Car Company?

Q. No, the 19th of June. General Pease was present when the International Arms and Fuse Company and the American Ammunition Company contracts were read?—A. Yes.

Q. And the prices were \$4.50 and \$4?—A. Yes.

Q. General Pease had those contracts right in his presence?—A. Yes. He was there.

Q. Was there any dissent, or approval by him as to the prices?—A. None whatever. He consented to those prices being given.

Q. Then he could not at that time have known of the drop in prices?—A. No. It was after that date.

Q. He could not have known of the lower prices that prevailed in the United States?—A. Between that date and the 17th?

Mr. NESBITT: For the Shell Committee, I may say that I think there has been apparently confusion about that. There were no lower prices in the United States,

and there never was any lower price. To-day I do not believe you could get a loaded fuse under that and take the chances.

Hon. Mr. DUFF: That is surely a matter of argument. You may argue that when we come to it. We have had numerous expressions of opinion, and a great many facts that bear upon that point.

Mr. HELLMUTH: At all events, these were loaded fuses that were being let to Russell.

Mr. EWART: No.

Mr. HELLMUTH: Yes, they were, and they were loaded fuses that were being let to the International Arms and Fuse Company and the American Arms and Ammunition Company.

WITNESS: That is so.

Q. And it was in regard to loaded fuses that General Pease said that you ought to come down in price, or you ought to get a lower price—that is quite clear?—A. That is so.

Q. And that information he had obtained apparently between his attendance at the meeting on the 19th of June and his attendance at the meeting on the 17th of July?—A. That is so.

(The commission adjourned at 1 o'clock until 2.30 p.m.)

#### AFTERNOON SESSION.

OTTAWA, FRIDAY, May 19, 1916, 2.30 p.m.

EBENEZER CARNEGIE, examination continued.

*By Mr. Hellmuth:*

I think I concluded what I had to ask about your knowledge of the fuse contracts; were you present at any meetings when extensions were asked of those, or do you remember?—A. No, I do not remember being present.

Q. I will pass to the Edward Valve contract or order, do you remember anything about that?—A. I remember being at the meeting when the question came up about the cartridge cases and the Edward Valve.

Q. Can you tell me what the condition generally was in regard to the supply of cartridge cases at that time?—A. It was not possible to get the cartridge cases in Canada, we could not get the great many orders placed in Canada, and I remember that the Committee as a whole went down to the Montreal Ammunition Co., and Mr. Vaughan then said he had been working for some days, weeks, as a matter of fact till one and two in the morning to try and overcome the difficulties.

Q. Who is Mr. Vaughan?—A. The President of the Montreal Ammunition Co. and general manager, to overcome some of the difficulties, try and overcome the difficulties they had with the manufacture of the cartridge cases. Then I went down with Mr. D. Carnegie to the Metal Drawing Co. in St. Catharines on the same question; there had been a great deal of delay with the deliveries because they had come across difficulties that they did not expect, and they were doing their utmost to overcome them, but it was taking so long that something had to be done to get a quantity of cartridge cases for the shells that were piling up.

Q. Would you agree with the statement that has already been made by some of the witnesses that about the time that the Edward Valve and Manufacturing Co. order was negotiated, and for some little time after there was a great falling down so far as the supply of these cartridge cases is concerned by the Canadian manufacturers?—A. That is correct.

[Ebenezer Carnegie.]

Q. And that subsequently at a later date the Canadian manufacturers were able to supply them?—A. Undoubtedly, they were and they are now turning them out in large quantities.

Q. But at that time they were not able to fill the requirements?—A. They had come across difficulties which they had not overcome at that time.

Q. And they were not filling the requirements that you had?—A. By a long way.

Q. In regard to that order what inducement was there, or influence in any way brought to bear upon you, or so far as you know any other member of the committee to give the order that was given?—A. Absolutely none.

Q. Did you know anything about Colonel Allison having brought the people together at all?—A. Colonel Allison's name was mentioned at the Committee; it is down in the minutes if I remember rightly.

Q. Outside of what occurs in the minutes?—A. Yes, I remember Colonel Allison's name was mentioned as being the one that introduced the manufacturers.

Q. Was there any suggestion or any expression in regard to Colonel Allison's receiving any remuneration or pay in connection with the matter?—A. None that I knew.

Q. Did you ever know that Col. Allison was to get anything either from you or from parties that he might introduce to you where business would be done?—A. Never heard anything about it until it appeared in the press after Mr. Kyte had made his statement in the House.

Q. So far as you were concerned, what object, if any, had you in any contract or order that was given by the Shell Committee outside of getting supplies from people who were likely to be able to supply them and at proper or the best prices?—A. The only object I had was to supply the shells as quickly as possible and as cheaply as possible.

Q. I believe you also when you retired, or when the Shell Committee was dissolved, received a complimentary letter from Mr. Hichen?—A. I did.

Q. Similar in terms to what the other gentlemen received?—A. That is so.

*By Mr. Johnston:*

Q. Just a matter I would like to speak about, Mr. Carnegie; perhaps you will tell me as briefly as you can, do you know what efforts were made to have any of these articles manufactured in Canada?—A. Which articles are you referring to?

Q. The articles referred to the fuses or component parts or the cartridge cases that you have spoken about?—A. I know nothing further than has already been given in evidence.

Q. We all know that?—A. I don't think I can give any other.

Q. You cannot add anything to that information?—A. I don't think so.

Q. Then do I understand that you did not take an active part in the question of shells or fuses or cartridge cases or otherwise either as to construction or price or delivery?—A. The only part that I took was along with the other members of the Committee at the various meetings which are recorded in our minutes when a general discussion took place.

Q. General discussions might mean any kind of a meeting; I am speaking about particulars, if you can give me any?—A. No, the Committee employed experts both on the financial side and the technical side, and they relied wholly on them for their opinion, they trusted them.

Q. And of course they trusted somewhat to their own judgment, to the judgment of one or two of them at least, that is Col. Carnegie would be trusted?—A. Quite.

Q. And General Bertram?—A. Quite.

Q. Being men who had devoted themselves to it?—A. And Mr. Riddell from the financial side.

Q. I am not thinking so much about that, because that would follow as a matter of course, you had to keep some finances. Will you tell me then without giving me

details, because that comes within a ruling that we have had, and I do not want to transgress; will you tell me whether books were kept showing the various contracts or arrangements, or whatever you choose to call them of the Shell Committee with regard to War Office orders or directions?—A. Well, I should naturally think there would be.

Q. Do you know?—A. I do not know.

Q. You do not know for instance, how entries would be made from time to time?—A. I do not.

Q. Mr. Riddell would be able to tell us that, I suppose?—A. Yes.

Q. You said, you know, that if there were profits you were going to hand them back to the War Office; if there were losses you thought you would have to bear them yourself, as I understood?—A. Quite.

Q. Did you ever hear of a contract of that kind being made before?—A. I have heard of a contract similar to the contract, and I have signed myself contracts similar to that which you are referring to.

Q. Let me see if we understand, I mean a contract where the manufacturer gives up all the profits, and assumes personally the losses of the contract, did you ever know of such a contract as that before?—A. That was not in the contract at all; the contract was between two parties to deliver certain goods, and as I said this morning we were entitled to the profits and it was a free will, we looked upon that as a free will to hand this money back.

Q. That is not the question; I am asking you if you ever heard of a contract before where the manufacturer had to pay all the losses, if there were any, and of his own free will was to give back, or did give back the profits?—A. I have not heard of a contract now.

Q. Call it what you like?—A. I do not see what you are coming at.

Q. Perhaps it is just as well you don't?—A. If I did I might be able to make it clear to you.

Q. I am trying to follow out the injunction you know, and I am trying it with you, "Here I'll raise my Ebenezer," but he won't raise; will you tell me if you ever heard or knew of a contract on such conditions as you are indicating this agreement, offer, arrangement, or whatever you choose to call it was?—A. I want to make myself clear; the contract that we signed was to deliver certain shells at a certain price and we delivered them; now, then, that was all the contract.

Q. Take it in ordinary business, because it strikes me as being so very unusual?—A. It is unusual, and it has been misconstrued.

Q. Did you ever hear one like it before?—A. A contract, yes.

Q. Of that kind?—A. No, because these are extraordinary times, you must realize.

Q. Extraordinary contracts, too?—A. Well, the contract was not extraordinary. quite a common contract; the result was extraordinary.

Q. Quite a common contract where a man agrees to deliver goods and if there is a profit he does not make it, and if there is a loss he has to sustain it?—A. That was not in the contract, I do not agree with you.

Q. Was that your understanding of the conditions or terms of that contract, call it what you like?—A. No, it was not.

Q. Tell us in plain language fully what you understood the terms of that contract to be?—A. The terms of the contract were that four men, General Bertram, Thomas Cantley, George Watts and I will just put E. Carnegie, were to deliver certain goods at a certain price; that was my idea of the contract, and they delivered them; that is all that I can say about the contract.

Q. How did you come to put on the question of profit or loss at all?—A. Because there was a certain price fixed to deliver the shells at that price.

[Ebenezer Carnegie.]



Q. And if there was a profit under that and nothing more you would be entitled to—?—A. If there was a profit under that we would most certainly be entitled to it.

Q. Exactly; and if there was a loss you would have to sustain it?—A. Absolutely.

Q. That is the way you understood it, as Mr. Watts understood it?—A. Yes.

Q. And did then or still—have you changed your opinion?—A. I have not changed my opinion.

Q. I would not expect it from my countryman, I would be rather ashamed of you if you had changed it, as a Scotchman?—A. I agree with you.

*By Mr. Carvell:*

Q. While I do not think I have the right to ask you the details of shell contracts under the ruling of the Commission, and I do not want to transgress, I do want to ask you a few general questions along the line of the shell contracts. You have just explained to Mr. Johnston your ideas of the position which you occupied as a contractor?—A. Yes.

Q. Did I understand you to say this morning that it was General Bertram and possibly Colonel Carnegie, after he became interested, who in every case fixed the price of a certain commodity?—A. I understand so. They fixed the price, it was not fixed at the Committee, at any of the Committee meetings that I attended.

Q. So far as you are concerned you had nothing whatever to do as to fixing prices except in possibly the first 200,000?—A. That is so.

Q. Was there any other member of the Committee either manufacturing or the military end of it who had had actual experience in manufacturing munitions of war other than yourself and Colonel Lafferty?—A. I don't think there were any others, I would not be sure of that.

Q. So far as you know?—A. Yes.

Q. You had had considerable experience in the Old Country, as I understand it, in the manufacture of munitions, and just such munitions as you were furnishing?—A. That is so.

Q. From that experience and from being a practical manufacturer would not you have arrived at the knowledge very early in the business as to what the actual cost of these different articles would be?—A. What do you mean by the very early, what time, how many months?

Q. By the time the first contract was worked out?—A. Yes, quite.

Q. Have a very intimate knowledge by that time?—A. I would have a knowledge, I would not say an intimate knowledge.

Q. Is it not a fact that every member, that is every manufacturing member of the Shell Committee received orders for companies with which he was interested, portions of the first 200,000?—A. Yes, I believe that is correct.

Q. I do not know that Colonel Cantley received any orders for the machining and assembling of the portion of the first 200,000; his orders referred only to supplying blanks and forgings. I might ask you this question; was the whole of the first 200,000 disposed of before the 17th day of December, 1914?—A. I am afraid I could not tell you that, I do not know that.

Q. What was your best judgment on that?—A. I should imagine so

Q. I rather think so too. Was there any important order received from the War Office by the Shell Committee of which some one or more of the contracting members of the Shell Committee did not receive portions of the machining and assembling?—A. I should think there were a good many, but I cannot say definitely; I should think there were a good many orders received by the Committee from the War Office that the manufacturing members did not receive.

Q. You think so?—A. I should imagine so; I would not be clear on that.

Q. You admit they received portions of the first order of 200,000?—A. Yes, that is so.

Q. We are in the dark as to what happened next; we do know that some time, within two or three months, there was a large order given for certain component parts of ammunition that, I think it was \$15, and then there was 18-pr. shrapnel at \$6, that was a large number, I think it was 400,000 of the one, and 200,000 of the other, or vice versa; did each member of the manufacturing members of the Committee receive portions of that order?—A. I do not think so, I for one did not. I am just speaking from memory.

Q. Would any portion of that order have been given say on the 5th March, 1915?  
—A. Could you tell me what they were for?

Q. Sixty-five thousand 18-pr. high explosives at \$5.70 each?—A. Yes, that is so.

Q. You got that?—A. Yes.

Q. You got a portion of that second order?—A. Yes.

Mr. EWART: I think we are getting beyond the scope of the inquiry now.

Sir WILLIAM MEREDITH: I do not think anybody has been hurt.

Mr. EWART: No, except it is taking up time.

Sir WILLIAM MEREDITH: I suppose there is no doubt that any one of the four contracting members if they wanted it would get an order for some parts?—A. Just as all the manufacturers.

Sir WILLIAM MEREDITH: Is not that as far as you possibly want?

Mr. CARVELL: I would like to go further and get this witness to say that they not only wanted them but they got them.

Sir WILLIAM MEREDITH: He said they did not in all cases.

Mr. EWART: My learned friend wants to find out who got the order and at what prices?

Mr. CARVELL: No. I know all about that now, but I have no right to give it to the public.

Mr. EWART: It is not a question for the Commission to find out about it.

Mr. CARVELL: I am not going into the details of it at all.

Sir WILLIAM MEREDITH: Put your question.

Mr. CARVELL: Is it not a fact that all members of the manufacturing members of the Committee received orders for the machining and assembling of portions of the second order?—A. I cannot say that.

Sir WILLIAM MEREDITH: He has answered you.

Mr. CARVELL: You did anyway?—A. If what you have just said is correct that is so.

Q. I am asking you?—A. I cannot say.

Mr. EWART: I ask for a ruling.

Hon. Mr. DUFF: Mr. Ewart, really this thing is not doing any harm, and you are taking up more time with your objections.

Mr. EWART: If he gets that he will go on to the next.

Hon. Mr. DUFF: It does not follow.

Sir WILLIAM MEREDITH: He stops now with this.

Mr. EWART: If he says he stops now that is another thing.

Sir WILLIAM MEREDITH: He has already said so, and we will hold him to his contract.

Mr. CARVELL: We know now from the evidence given that a third order, that is the five million order, was given some time in the month of April, 1915, that is a matter of fact which is well established by the evidence, the documents; when the distribution of the five million order was made among the different manufacturers in Canada, did you as a manufacturer, know the profits that could be on the machining and assembling [Ebenezer Carnegie.]

of 18 pr. shrapnel, of 18 pr. high explosive, or of 4.5 Howitzer?—A. Two of those size of shells I had nothing to do with, have not touched.

Q. Take the 15 pr. then, you handled the 15 pr.?—A. I did.

Q. Large quantities?—A. Not so large as others, however.

Mr. EWART: There you are.

Mr. CARVELL: I am not going into it at all. Then of the 15 and 18 pr. (and there were no 15 pounders in the April order), of the 18 pounders did you know what the profits were of the machining and assembling?—A. No, they had not been made in Canada before, or in England either, a new shell.

Q. And when the orders were given, when the five million orders were distributed, which I am told was on the 15th May, you had not made and did not know the profits to be made, or the cost, to put it that way, of machining and assembling the 18 pr. high explosive?—A. No, I did not.

Q. Did you know how much more or less it would cost to machine and assemble 18 pr. high explosive than it would the 18 pr. shrapnel?—A. As I have already said the 18 pr. high explosive shell—

Q. I would ask you if you would kindly answer my question?—A. Pardon me, I am not going to answer a question unless—

Sir WILLIAM MEREDITH: The witness should be allowed to answer in his own way, and then if he does not answer your question put it again.

Mr. CARVELL: I want to treat the witness fairly, but I have asked him a fair question.

Sir WILLIAM MEREDITH: Don't you think we will get on a great deal more rapidly if you will let the witness answer the question, and if it does not cover the ground put your question again.

Mr. CARVELL: I will accept your suggestion, but we have had some experience with certain gentlemen that make speeches in this Commission.

Hon. Mr. DUFF: This witness has not made many speeches.

Mr. CARVELL: The opportunity has not been very great.

Q. On the 15th day of May, do you mean to tell this Commission that you did not know the difference in the cost of machining and assembling the 18 pr. shrapnel and the 18 pr. high explosive?—A. I do not mean to tell the Commission anything, what I have said I have said, and I mean.

Q. Do you say now you did or did not know the difference?—A. I say I did not.

Q. I am willing to accept that if that is your answer. Now, you had machined and assembled 18 pr. shrapnel before that, had you not?—A. No, we had not any 18 pr. shrapnel.

Q. You had had 15-pr.?—A. Ycs.

Q. You had handled those before?—A. Yes.

Q. Had you learned what it cost?—A. At what time?

Q. 15th May?—A. I had a good idea.

Q. Did you tell the members of the Committee who were giving out the orders for the five million lot on the 15th May what the cost would be to machine and assemble 15 and 18-pr. shrapnel?—A. I did not.

Q. If large or small profits had been made up to that time, and if you had any knowledge, and you had some according to your evidence, you say you did not give the Committee the benefit of your knowledge?—A. I say I did not tell the price of the shells, give the price of the shells.

Q. At that time, I am coming down to the 15th day of May, did you feel that you were acting as a contractor with the right to take any price you had a mind to so long as it came within the maximum price given by the War Office, or were you acting in a fiduciary capacity to the British War Office?—A. From the time that I signed the contract, the first contract, I considered that I was acting as a contractor.

Q. And therefore you did not consider that you were under any moral responsibility to reduce the cost of the manufacture of these shells unless you wanted to do so?—A. I considered, as I have already said, that it was my duty as well as the other members of the Committee to supply shells as quickly as possible and as low as we possibly could.

Q. And yet with that feeling you still considered yourself as a contractor?—A. Yes.

Q. Now, do you say that you took the orders, whatever you did take on the 15th day of May, at as low a price as you possibly could with the knowledge then in your possession?—A. I have already said I had nothing to do with the fixing—

Q. Now you see what I am coming at?—A. Yes.

Q. Now, with the idea that it was your duty to get these shells as quickly as you could, or these munitions, do you say on the 15th day of May you took a portion of that order at as cheap a price as you possibly could have done and made a fair profit?—A. What order? Are you referring to the high explosive shells?

Q. Do you want me to tell you?—A. Yes.

Q. 50,000 4.5 blanks, \$2.25 each, and if you want some more there were 35,000 18 pr. high explosive at \$4 each?—A. I never made those.

Q. You took the order?—A. Yes.

Q. And when you took that order did you consider that you were taking that at as low a price as you could?—A. Yes, because at that time I did not know the price of 18 pr. high explosive.

Q. And you from having made the shrapnel did not know anything about the price of high explosive shells?—A. Totally different; the shrapnel and high explosive shells are totally different to manufacture.

Mr. HELLMUTH: You told Mr. Johnston you understood the contract was a contract between you four and the War Office from the time you signed it up to the last?—A. Yes.

Q. Did you intend to stand, or do you want to vary what you said, did you intend to stand upon your legal rights and keep the money, the profits, or did you intend from the outset to hand them over?—A. Intended from the outset to hand them back.

Hon. Mr. DUFF: You spoke about these contracts between the manufacturing members and the War Office, and you said something about the contracts having been carried out, that is to say munitions that you were contracting to supply having been delivered; you were referring only, I fancy, to the first contract, were you?—A. That they have been carried out; that was so.

Sir WILLIAM MEREDITH: Are you in a position to express an opinion as to the possibility, in the middle of May, of time fuses being manufactured in Canada?—A. No, sir, I have had no experience only by connection with the manufacture of time fuses.

Q. Were you anxious to get as much work for your company as possible?—A. I suppose that would be a natural conclusion.

Q. Did it ever occur to you that you might in your manufactory take up the making of time fuses?—A. It is too hazardous a job altogether, but in my opinion and with the experience that I had—I know something of the machinery that is required, and I would not care even now to start the manufacture of fuses unless I had unlimited time to make a perfect job of it.

Q. This is for my own curiosity only; you spoke of your process?—A. Yes, sir.

Q. Is that the same as Dr. Haanel's, electrical smelting—I suppose not?—A. No, it is a similar process.

Q. It has been perfected so far as you are concerned?—A. Yes.

*By Mr. Carvell:*

Q. Is it a fact that your brother, David Carnegie, was a director of your company during the first six months?—A. He was a director of the company when the war started, and immediately he got his appointment with the Shell Committee he resigned from the directorate.

Q. At once?—A. At once.

Sir WILLIAM MEREDITH: Your next witness, Mr. Hellmuth.

Mr. HELLMUTH: Is Colonel Allison here?

Mr. HENDERSON: I understood you did not want him.

Mr. HELLMUTH: I let Mr. Riddell go yesterday as I thought there was not any chance of his being called, but Mr. Carnegie has been much shorter than I expected.

Mr. JOHNSTON: We have been too short.

Mr. HELLMUTH: Yes, you were for once.

Sir WILLIAM MEREDITH: What about the Judge Advocate General?

Mr. HELLMUTH: I believe he is not available for the moment. I do not think he will be very long.

Mr. NESBITT: He is not here anyway, he is off on some Board.

Sir WILLIAM MEREDITH: A conspiracy to waste time.

Mr. JOHNSTON: You will not gain anything by opening up now. These people want to get away.

Mr. HELLMUTH: I am clear of this conspiracy.

Sir WILLIAM MEREDITH: Could you not start with General Hughes, if you are going to examine him?

Mr. JOHNSTON: I think nearly all of the parties have to go by the four o'clock train.

Sir WILLIAM MEREDITH: I think the more we can get rid of the better for us.

Will you be only putting in these papers this afternoon?

Mr. HELLMUTH: Yes.

Sir WILLIAM MEREDITH: I think if anybody is not interested he can go.

Mr. HELLMUTH: In exhibit 309 there is a cablegram from Militia to Troopers of the 18th of June, 1915. It is one of the documents contained in that exhibit. The cablegram reads:—

“We are obtaining fuses from United States on account of urgency, but this will not interfere with other contracts placed there.”

We had the word “here”; it should read “there.”

Then at page 166 of the evidence there is a letter referred to from Dr. Harris to the Shell Committee—exhibit 156—in which he says:—

“Respecting that portion of the contract above quoted, we respectfully beg to draw your attention to the following delays caused by strikes and other causes beyond our control, which have occurred at the plants of the Keystone Watch Case Company and the Taft-Pierce Manufacturing Company, set forth in written communications from said companies, copies of which are herewith enclosed.”

Those copies have been obtained. I am going to pin them together and they can all go in as exhibit 313:—

## SHELL CONTRACTS COMMISSION

" THE TAFT-PEIRCE MANUFACTURING COMPANY,  
 " WOONSOCKET, R.I., September 30, 1915.

" International Arms and Fuse Company,  
 " New York City.

" GENTLEMEN,—We regret to inform you that a strike has been declared by the workmen of the Brown and Sharpe Mfg. Company, Providence, R.I., and this has seriously affected the Gauge Department of this Factory which has a number of orders from us for your gauges.

" The workmen of this factory went out on the 20th inst. We will keep in close touch with this work and take such steps as will ensure the earliest possible delivery of these gauges.

" Yours very truly,

" THE TAFT-PEIRCE MANUFACTURING COMPANY,  
 " E. J. BRYANT."

" THE TAFT PIERCE MANUFACTURING COMPANY,  
 WOONSOCKET, R.I., October 30, 1915.

International Arms and Fuse Company,  
 200 Fifth Avenue, New York City.

Attention of Mr. Jas. A. McCann, Secretary.

GENTLEMEN,—Replying to your letter of the 28th in regard to furnishing you with a sworn statement as to the amount of time the strike in our plant and in other plants with whom we are dealing has affected your work, would say, that it is very difficult to make a statement that really could be sworn to. The facts in the case are as follows:

A strike occurred in our plant on August 12th, and for two weeks previous to this strike our work was more or less interrupted because of the agitation going on in the shop and for six weeks following the strike our work was seriously interfered with because of the shortage of help, and at the present moment we could use from 200 to 300 more hands than we have at present employed.

The work which we have placed for you with outside parties has been interfered with in some cases where strikes have occurred in just about the same manner as occurred in our own shop, but to tell you in a definite statement the number of days covering this condition is difficult, and therefore we can only give you a general statement. We hope, however, that this general information may answer your purpose.

Very truly yours,

THE TAFT-PEIRCE MANUFACTURING COMPANY,  
 R. W. REID, *Assistant Manager.*

" THE KEYSTONE WATCH CASE CO.,  
 RIVERSIDE WORKS,  
 RIVERSIDE, N.J., November 6, 1915.

INTERNATIONAL ARMS & FUSE CO.,  
 New York City, New York.

GENTLEMEN,—Your letter of the 28th ult., has been referred to me by our Philadelphia office, and this morning we received your night letter on [Ebenezer Carnegie.]

the same subject. The reason why we have not answered your letter sooner is that the strike occurred in our Jersey City factory, where part of the work on the fuses which we are making for you is being done, and in order to make an intelligent report I was waiting for a chance to get over there and discuss the situation with the management of that factory. I spent all day yesterday at our Jersey City plant and will now give you a resumé of the conditions from the time the strike started to the present.

I believe that you have already been advised through our Philadelphia office that on September 1 the entire force of our mechanical department, including die makers, tool makers and machinists, in all about 37 men, went out on strike. After waiting for a few days, during which we made every effort to induce some of our old employees to return to work, and having been unsuccessful in this respect, we decided to try for new help, with the result that on September 13 we were able to put twenty men to work in these respective departments; it became apparent at once, however, that nearly all of these men were incompetent to do the work required, and we set out to replace them as quickly as possible. On account of the great scarcity of skilled mechanics which has existed ever since we found it extremely difficult to obtain workmen with sufficient experience to do the work at hand, and while with persistent efforts and enormous expense we were enabled to fill all the vacancies occasioned by the strike, the calibre of the workmen obtained does not in any way compare in efficiency with our old force. After going over the situation thoroughly with the management of our Jersey City plant and the heads of the different departments (mechanical) they made the statement that in their judgment our present force of mechanics as compared with the old organization was only about 33½ per cent efficient, and from what I have personally been able to see on my different visits to Jersey City, and in the opinion of our Master Mechanic, this statement seems to be in no way exaggerated. Taking it as a basis and considering that the strike has been in force nine weeks, it will be seen that we actually lost six weeks on your work, and we are prepared to make a formal affidavit testifying to the facts as set forth above.

We are still endeavouring, as we have been since the inception of the strike, to get a better class of workmen, and hope to be able to make a more favourable report in the near future, notwithstanding that the strike is still on and the strikers' pickets are on duty continually.

If you desire to have us execute an affidavit, please telephone me on Monday and I will at once have one prepared.

Yours very truly,

THE KEYSTONE WATCH CASE COMPANY,

Per J. G. MULLER, *Secretary*.

(The foregoing correspondence referred to in exhibit 156 marked Exhibit 313.)

Then in the same letter he says:—

"We enclose clippings respecting this strike for your perusal." I have the clippings here.

(Newspaper clippings marked Exhibit 314.)

Sir WILLIAM MEREDITH: Cannot you and somebody on the other side edit these clippings?

Hon. Mr. DUFF: Mr. Atwater is the other person interested.

Mr. HELLMUTH: Then I have here the file which Mr. Commissioner Duff asked for. It shows the whole correspondence between the American Ammunition Company

and the Shell Company in reference to the change from loaded graze fuses to unloaded graze fuses, with the exception of one telegram that is referred to here of the 2nd of September, 1915, which has not been filed.

Hon. Mr. DUFF: Can you get that from the Ammunition people?

Mr. STEWART: I understood it was to be obtained from our files.

Mr. CARVELL: Messieurs Commissioners, I think I am too late to mention it, but it seems to me there is great difficulty in picking out the exhibits the way they are put in the evidence. I think we are all to blame.

Hon. Mr. DUFF: I quite agree.

Sir WILLIAM MEREDITH: Mr. Hellmuth is the worst offender, necessarily so perhaps. You get a speech interspersed in the middle of an exhibit. The exhibits should have been put in a kind of appendix.

Mr. HELLMUTH: They should not have been printed with the evidence.

Sir WILLIAM MEREDITH: Then without them you would not understand Mr. Hellmuth's speeches.

Mr. CARVELL: I think we are all to blame.

Hon. Mr. DUFF: That does not apply to these letters going in together as one file.

Mr. HELLMUTH: Mr. Stewart has an explanation.

Mr. STEWART: There is one telegram which is not yet in the file. Search is proceeding for that one. I am given to understand that it is unimportant and that the price was in fact fixed by a verbal communication. But that will appear when Colonel Carnegie is recalled. In the meantime I am making every effort to find that missing telegram. Subject to that the file is complete.

Sir WILLIAM MEREDITH: What is the telegram?

Mr. STEWART: From the Ammunition Company to the Shell Committee. We cannot get it on our files. I am still in hopes of turning it up.

Sir WILLIAM MEREDITH: It ought to be on your file.

Mr. STEWART: Yes.

Hon. Mr. DUFF: You are just going to put in that file as it is?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: It is not necessary to read it.

Mr. HELLMUTH: No.

" Aug. 7, 1915.

" American Ammunition Company,  
25 Broad Street,  
New York City.

" GENTLEMEN,—We enclose herewith specification for the loading, assembling and waterproofing of the number 100 fuse.

Yours very truly,"

(Part of Exhibit 315.)

" August 12, 1915.

" Shell Committee,  
Stephen Building,  
Ottawa, Canada.

" GENTLEMEN,—We beg to acknowledge receipt of your letter of August 7, enclosing modification to the specifications and drawings under contract between us for two millions and a half fuses, dated June 19, 1915, insofar as such drawings and specifications relate to fuse No. 100 Mark 1 (L).

[Ebenezer Carnegie.]



"With reference to the reinstatement of detonators in the specifications, this modification will cause us considerable embarrassment on account of the completion heretofore by us of contracts with subcontractors for the manufacture and delivery of the fuses without the detonators in reliance upon the expressed elimination of detonators by you. The modification, if adopted, will also, as you can readily appreciate, involve considerable delay, as it will necessitate a substantial re-arrangement of all of our plans for the performance of our contract with you. We hope, therefore, that you will not insist upon this modification.

"Even if we should proceed at once to negotiate for the raw material and equipment necessary to make the detonators and to enter into all other necessary arrangements, we cannot, at the moment, predict how long it will require manufacturers to make deliveries of such raw material and equipment. Aside from delays, the expense in making this *changé* will be considerable.

"In view of this state of affairs, we feel that you should conclude in your own interests that the possibility of delaying our deliveries would more than offset the advantages to you in having us furnish the detonators, and should you so conclude, please notify us promptly by wire of your decision.

"We must also repeat, and hope that you appreciate the embarrassment to us which will result from the necessary re-adjustment of our contract relations with our sub-contractors. We strongly urge, therefore, that if you feel that a change in your plans require you to insist upon this modification, we should be permitted to ship the detonators to you separate from the fuses in order that we may thus avoid a readjustment of our contract relations with our sub-contractors.

"With respect to paragraph 22, headed "Delivery", we note that you would require us to furnish 10 fuses with each 1,000 instead of 5, for the purpose of proof. We regret to say that we feel that this demand is unreasonable in view of the existing situation, and respectfully request that the original specification with respect to fuses for proof, be permitted to stand.

"The other specifications, we understand, depend upon the adoption of the modification as to the detonators, and requires no additional comment from us at this time.

"We beg to assure you of our desire to co-operate with you in every way in affecting any modification in the drawings and specifications that you may wish, that the existing situation permits. We hope, however, that you will appreciate the difficulties that confront us with reference to the modifications that you propose, and that you will accordingly advise us of their withdrawal by you. If you feel that the change in your plans requires you to insist upon the detonators being furnished, we strongly feel that we should be permitted to ship the detonators to you separately from the fuses.

Yours very truly,

AMERICAN AMMUNITION COMPANY, INC.,

(Part of Exhibit 315.)

*President.*

AMERICAN AMMUNITION COMPANY, NEW YORK, N.Y.,

AUGUST 17, 1915.

Dec. 8, 16, '15.

Shell Committee,  
Stephen Building,  
Ottawa, Ont.

GENTLEMEN,—Will you please let us have specifications and drawings, covering the detonators for the No. 100 fuse graze, and greatly oblige.

Yours very truly,

AMERICAN AMMUNITION Co.,

(Part of Exhibit 315.)

Per F. F. PHILLIPS,

## SHELL CONTRACTS COMMISSION

August 18, 1915.

" American Ammunition Company,  
25 Broad Street,  
New York, N.Y.

GENTLEMEN,—We sent you on the 7th inst. a specification of the loading, assembling and waterproofing of the No. 100 fuse, acknowledgment of same will oblige.  
(Part of Exhibit 315.)

25 Broad Street,  
August 20, 1915.

Shell Committee,  
Stephen Building,  
Ottawa, Canada.

*Attention Mr. Brooks.*

DEAR SIR,—We have your letter of the 18th instant stating that you have received no reply to your letter of the 7th instant, regarding a change in the specifications for the loading, assembling and water proofing of No. 100 fuse. This is a matter of surprise to us for the reason that on the 12th instant we wrote you very fully regarding the matter, and beg to enclose herewith a copy of our letter.

We respectfully request that you notify us by wire of the receipt of this copy, and also that you give us your decision at the earliest possible moment as to whether you wish to adhere to the plan of having us insert the detonators in the fuses, or whether you will accept the detonators separately.

There will be some delay occasioned if we are required to insert detonators in the fuses.

Yours very truly,

AMERICAN AMMUNITION CO., INC.,  
E. B. CADWELL, *President.*

(Part of Exhibit 315.)

THE AMERICAN AMMUNITION CO.,  
August, 21, 1915.  
25 Broad Street, New York, N.Y.

GENTLEMEN,—We hope to let you have full particulars of the detonators for No. 100 fuse on receipt of fuller information from the War Office.

We remain,

Yours very truly,

(Part of Exhibit 315.)

*Telegram.*

NEW YORK, August 23-15.

SHELL COMMITTEE, Stevens Building, Ottawa, Ont.—Drawings fuses one hundred show only detonator for instertion in percussion detonator plug; do you want detonator furnished for insertion in graze pellet.

AMERICAN AMMUNITION CO.

(Part of Exhibit 315.)  
[Ebenezer Carnegie.]

25 Broad Street, New York,

August 23, 1915.

Shell Committee, Stephen Building, Ottawa, Canada.

GENTLEMEN,—In reference to detonators in connection with our contract with you for 1,666,666 No. 100 fuses, will say that after careful inspection of the drawings furnished, we find that there is only one detonator shown, while there are two detonators apparently needed, one to be inserted in the graze pellet and one to be inserted in the percussion detonator plug. The only detonator shown on the drawing is the one for use in the percussion detonator plug.

Unless we hear from you to the contrary, we will plan to only furnish the one shown.

If you wish us to furnish and insert the one in the graze pellet, it will be necessary for you to send us drawings, not only for the detonator, but also for the threaded cup or sleeve as well.

In order that we may avoid further delay we are sending you a telegram, as per enclosed confirmation.

Yours very truly,

AMERICAN AMMUNITION COMPANY, INC.,

E. B. CADWELL, *President.*

(Part of Exhibit 315.)

*Telegram.*

OTTAWA, August 24, 1915.

American Ammunition Company,  
25 Broad Street,  
New York, U.S.A.

Graze detonator plug and detonator not required in Number One Hundred fuse we are writing.

SHELL COMMITTEE.

(Part of Exhibit 315.)

OTTAWA, August 24, 1915.

American Ammunition Company,  
25 Broad Street,  
New York, N.Y.

GENTLEMEN,—With reference to your letter of August 20. We have received instructions from England that the graze pellet detonator plug and detonator are not required in the No. 100 fuse and have wired you to-day to this effect, but the detonator will still be required for the percussion detonator plug. Will you therefore let us know what reduction in cost you are able to make.

Yours very truly,

(Part of Exhibit 315.)

## SHELL CONTRACTS COMMISSION

August 25, 1915.

American Ammunition Co.,  
25 Broad St.,  
New York, N.Y.

GENTLEMEN,—We are much obliged for your letter of August 23rd. Our wire and letter of the 24th will fully explain the question of the detonators. If, however, you require any further information upon this point, please wire or write and we will let you know at once.

Yours very truly,

(Part of Exhibit 315.)

Sept. 3, 1915.

The American Ammunition Co.,  
25 Broad St.,  
New York, N.Y.

DEAR SIRs,—We have your wire of September 2nd, and have pleasure in saying that we are sending designs for the fuse packing boxes, and also specifications to cover same. These are being sent under separate cover.

With reference to your question as to the detonators and firing tests, we hope to give some decision on these points at an early date. We can assure you we are doing all that is possible to settle this matter, so that no delay may be caused.

We remain,

Yours very truly,

(Part of Exhibit 315.)

25 BROAD STREET,  
NEW YORK, September 14, 1915.

Shell Committee,  
Ottawa, Canada.

GENTLEMEN,—We are still awaiting your decision regarding the elimination of detonators and firing test for fuses to be furnished under our contract of June 19th, 1915. We trust that you will be able to definitely decide this matter at an early date, as it is of great importance to us as well as yourselves. Kindly let us hear from you.

Yours very truly,

AMERICAN AMMUNITION COMPANY, INC.

E. B. CADWELL, *President.*

(Part of Exhibit 315.)

September 21, 1915.

American Ammunition Company,  
25 Broad Street,  
New York, N.Y.

DEAR SIRs,—With reference to the call of your Mr. Cadwell here yesterday, we have given full consideration to the points put before us with reference to the testing of the aluminium bodies of the No. 80/44 fuse.

We have cabled the authorities in England on this matter, and as soon as we get their reply will communicate further with you on the subject.

[Ebenezer Carnegie.]

The War Office in London have cabled us that they require the percussion detonator provided and fixed on the No. 100 fuse, and also the firing tests to be as provided for in the specification.

The graze detonator, however, may be left out and as this was included in the price of \$4 which you quoted for a loaded fuse, we shall be glad to know what reduction in cost you are willing to make on account of this not being required.

We find that you were asked to hold up your order for one set of master checks and master gauges by telegram on August 30, but if you will look up your correspondence on this matter you will find we sent a letter on September 2, and also revised blue prints with instructions to make the gauges to these designs. On September 8, you acknowledged receipt of these, and therefore, we have of course understood you were going forward in the manufacture of gauges.

If this matter is not perfectly clear, please wire us at once, as it will be very annoying if the progress of the fuses is held up through this cause.

Kindly mark your reply to the attention of Mr. Brooks.

Yours very truly,

(Part of Exhibit 315.)

CANADIAN PACIFIC RY. CO'S TELEGRAPH,  
NEW YORK, N.Y., September 24, 1915.

Shell Committee,  
Stephen Building,  
Ottawa, Ont.

We acknowledge receipt of letter stating that only one detonator shall be furnished in fuse graze number one hundred under our contract of June 18 stop. We also have before us your letter stating that an additional five fuses will be required for proof stop. The omission of one detonator increases the liability of failure on proof by fifty per cent stop. The increase of fuses to be furnished for proof from five to ten increases the risk of failure one hundred per cent stop. Regret to advise, therefore, these modifications impose conditions too onerous for us to accept stop. We will proceed therefore to furnish both detonators stop we are willing to furnish the additional five fuses free provided the number of failures allowed on firing test be doubled stop your delay in determining whether detonators should be furnished may result in postponing deliveries of fuses in which event we shall require the time allowance granted us under our contract in such cases stop. We are proceeding with installation of the necessary equipment for manufacturing detonators with utmost despatch and hope to be able in spite of the delay to make deliveries at the times specified in our contract.

"AMERICAN AMMUNITION COMPANY."

(Part of Exhibit 315.)

*Telegram.*

OTTAWA, September 28, 1915.

"The American Ammunition Company,  
"25 Broad Street,  
"New York City.

"Your wire 24th to hand, we cannot understand your reasoning on the question of increasing the number of fuses for proof stop. Is it your intention

## SHELL CONTRACTS COMMISSION

to submit fuses for proof differing in quality from those in bulk stop. Fuses will not be condemned where it is possible to pass them every consideration will be given to manufacturer stop. We have no authority to increase number of failures allotted on firing test.

"SHELL COMMITTEE."

"Great North Western Telegraph Co.

"New York, N.Y., September 28, 1915.

"Shell Committee,

"Ottawa, Ont.

"Please send us detailed drawings for detonator for graze pellets.

"AMERICAN AMMUNITION Co."

(Marked as Exhibit 315.)

"AMERICAN AMMUNITION COMPANY,

"NEW YORK, N.Y., October 4, 1915.

"Shell Committee,

Stephen Building,

Ottawa, Canada.

Re *Detonators in No. 100 Fuses.*

"GENTLEMEN:

"We have your wire of the 28th ult., in response to our wire of the 24th ult., in which we asked for an increase in the number of failures allowable in the event that we furnished 10 fuses out of each lot for proof, instead of 5. You ask us if it is our intention to submit fuses for proof differing in quality from those in bulk? In reply will say that, of course, we will have nothing whatever to say about fuses selected for proof. That will be up to the inspectors, and we, of course, expect to make all of our fuses alike and according to the drawings and specifications. In view of the fact that we are now making and shipping fuses every day we, of course, do not anticipate any trouble over inspection. Firing proof is another matter which we do not have to meet under our contracts from Morgan & Company.

"Under the specifications in our contract with you we are allowed one failure out of each 5 which are taken for proof. If we furnish 10 for proof and still only have an allowance of one failure, it appears perfectly clear to us that we are doubling the risk of failures and, therefore, should be allowed 2 failures for every 10 fuses proven.

"We have decided, however, to proceed with the manufacture of the fuses inserting only one detonator in the hope that everything will work out satisfactorily. If we find that we are not having rejections because of failure on proof, we will then want to add the additional detonator as a matter of precaution.

"We hope to be able to commence delivery on November 19, in accordance with our agreement, even though there has been considerable delay occasioned by failure to settle this detonator question; also the question of packing.

"Yours very truly,

"AMERICAN AMMUNITION COMPANY, INC.,

"E. B. CADWELL, *President.*"

(Part of Exhibit 315.)

[Ebenezer Carnegie.]

25 Broad Street,  
New York, N.Y.,  
October 6, 1915

General A. BERTRAM, Chairman,  
Shell Committee,  
Ottawa, Ont.

DEAR SIR,—On September 25, we wrote you and enclosed a proposed circular letter which we were to send to our sub-contractors, in reference to the Canadian inspection and testing laboratories and their authority, asking you to please advise us if our understandings of their duties were correct, but up to date we have not received your reply. Will you kindly let us have this, as we believe it will greatly facilitate their work among our sub-contractors.

We also wrote you on September 22, asking to be advised if the fuses which we are building under contract with your goodselves were to be shipped abroad direct from New York or otherwise. Will you kindly let us have this information?

On September 28, we wrote and asked for permission to use specification L/3562, covering fuse graze No. 100 and acknowledged receipt of yours of September 24. We would ask if you have as yet received word from Woolwich in reference to the substitution of this specification.

On September 28, we telegraphed your committee asking for detail drawings for detonator for graze pellet, which up to date have not come to hand. Will you please hasten our receipt of them?

Yours very truly,

AMERICAN AMMUNITION Co.  
Per F. F. PHILLIPS.

FFP/JPB.  
(Part of Exhibit 315.)

October 14, 1915.

American Ammunition Company,  
25 Broad Street,  
New York, N.Y.

DEAR SIRS:  
Attention Mr. Phillips.

With reference to the letter you propose sending to your sub-contractors under the fuse contract set forth in detail, the duties of the Canadian Inspection and Testing Laboratories, as far as we can see this is in accordance with our intentions.

Yours very truly,

B/GH  
(Part of Exhibit 315).

*Telegram.*

October 15, 1915.

American Ammunition Company,  
25 Broad Street,  
New York City.

Have received cable from England stating they have reconsidered question of fuse and will accept number one hundred fuse without percussion detonator and firing proof will be waived. We therefore accept your reduction

## SHELL CONTRACTS COMMISSION

of twenty-seven and one-half cents per fuse which we cabled to England on September third stop. Please wire confirmation.

SHELL COMMITTEE.

(Part of Exhibit 315.)

*Telegram.*

NEW YORK, N.Y., October 15, 1915.

Shell Committee,  
Stephen Building, Ottawa, Ont.

Telegram of even date received. We accept your elimination of firing proof from our number one hundred fuse contract and the elimination of proof pieces and percussion detonator and in consideration we agree to reduction in price of number one hundred fuse of twenty-seven and one-half cents per fuse.

AMERICAN AMMUNITION CO.

(Part of Exhibit No. 315.)

October 16, 1915.

The American Ammunition Co.,  
New York.

GENTLEMEN,—We confirm having wired you that we would accept No. 100 fuses without detonators at a reduction of twenty-seven and a half (27½) cents per fuse on the contract price.

In reply you wired October 15: 'Telegram of even date received. We accept your elimination of firing proof from our number one hundred fuse contract and the elimination of proof pieces and percussion detonator and in consideration we agree to reduction in price of number one hundred fuse of twenty-seven and one-half cents per fuse.

The fuse will now be manufactured to agree in all respects with specification, L  
3562.

Yours very truly,

Mark reply "Attention Mr. Brooks."

(Part of Exhibit No. 315.)

"AMERICAN AMMUNITION COMPANY,  
NEW YORK, N.Y., October 18, 1915.

The Shell Committee,  
Stephen Building,  
Ottawa, Ont.

Gentlemen,—

Attention Mr. J. Brooks.

Your letter of the 14th instant answering ours of October 6th addressed to General Bertram is received.

Referring to the shipment of No. 100 fuses, we would ask if the destination of these fuses will be changed in view of the fact that they are to be shipped unloaded and that the firing test has been waived.

Yours very truly,

AMERICAN AMMUNITION COMPANY,  
Per F. F. PHILLIPS."

(Part of Exhibit No. 315.)

[Ebenezer Carnegie.]



" 25 Broad Street,  
New York, October 20, 1915.

The Shell Committee,  
Stephen Building,  
Ottawa, Ont.

Attention Mr. J. Brooks.

GENTLEMEN,—We beg to acknowledge receipt of the following telegram from you under date of October 15, 1915:—

"Have received cable from England stating they have reconsidered question of fuse and will accept number one hundred fuse without percussion detonator and firing proof will be waived we therefore accept your reduction of twenty-seven and one-half cents per fuse which we cabled to England on September third stop. Please wire confirmation."

We wire you in response as follows, which we hereby beg to confirm:—

Telegram of even date received we accept your elimination of firing proof from our number one hundred fuse contract and the elimination of proof pieces and percussion detonator and in consideration we agree to reduction in price of number one hundred fuse of twenty seven and one half cents per fuse.

We also acknowledge receipt of your letter of the 16th instant, confirming your above telegram and acknowledging receipt of ours.

We understand of course that under this arrangement we are not required to furnish you any fuses for proof.

We have notified the Guaranty Trust Company of such modification of the contract.

Yours very truly,

AMERICAN AMMUNITION Co.,

E. B. CADWELL, *President.*

EBC: OHF.  
(Part of Exhibit No. 315.)

(Copy.)

November 1, 1915.

AMERICAN AMMUNITION Co.,  
New York, N.Y.

DEAR SIR,—We have your letter of October 20 with reference to the reduction in price of 27½ cents of the No. 100 fuses.

You state therein that under the arrangements you will not be required to furnish any fuses for proof. We must have the number of fuses as specified in Specification.

L

No. ——— namely five (5).

3562

Kindly give this matter your attention, and let us know if you agree to this.

Yours very truly,

JB: MP.  
(Part of Exhibit No. 315.)

(Copy.)

JB

November 30, 1915.

American Ammunition Co., New York, N.Y.

DEAR SIR,—We were in communication with you some time ago as to the reduction of 27½ cents being made on account of unloaded fuses being substituted for loaded ones.

"In confirmation of your offer you stated that the unloaded fuses were to be supplied in net quantities, but did not include any extra for testing. We were under the impression that the reduction would allow for your providing these extra fuses, and the matter was left until your Mr. Cadwell would be calling at our offices. Nothing appears to have been done up till now, and we are very anxious to settle this matter.

Kindly let us know if you have given any further consideration to the question and oblige,

Yours very truly,

(Part of Exhibit No. 315.)

JB:MP

AMERICAN AMMUNITION COMPANY,  
NEW YORK, N.Y., December 2, 1915.

Mr. A. BERTRAM, Chairman,  
Shell Committee,  
Ottawa, Ont.

DEAR SIR,—Your letters of November 30, in regard to the proposed deduction in the price of No. 100 fuses and in reference to certain changes in specification, have been received. These matters will have to be passed upon by Mr. Cadwell who is at present out of town. We expect him here not later than Monday and the matter will receive his prompt attention.

Yours very truly,

AMERICAN AMMUNITION COMPANY,  
By *Secretary*.

(Filed as Exhibit 315.)

Hon. Mr. DUFF: Then did you get the file between the War Minister and the Minister of Munitions on the same subject?

Mr. STEWART: If I may make a statement on that subject? You will find on pages 202 and 208 of the evidence certain papers, and from the search I have made there appears to be only one cable supplementing those.

Sir WILLIAM MEREDITH: What is the date?

Mr. STEWART: September 15.

Hon. Mr. DUFF: Are there no letters?

Mr. STEWART: I have not been able to find any. This is the cable. It is dated the 15th of September, 1915, and is from Militia to Troopers:—

673 Cipher. Reference our 641 cipher September 3, please reply. Delay interfering with progress.

(Marked Exhibit 316.)

Hon. Mr. DUFF: Have you made any search for the telegram that Dr. Harris referred to, Mr. Stewart?

Mr. STEWART: Which is that?

Hon. Mr. DUFF: A telegram received by him at some stage of the negotiations, which he was unable to fix, asking for a lower price, saying the price was too high. I had the impression when he was giving evidence that that was in, but I have not been able to put my hand on it.

[Ebenezer Carnegie.]

Mr. STEWART: It has not been put in.

Hon. Mr. DUFF: If you look at Dr. Harris' evidence you will see the thing referred to, and we ought to have it.

Mr. STEWART: I will have a search made.

Mr. ATWATER: I will try to find it, sir, if I can.

Sir WILLIAM MEREDITH: Mr. Hellmuth, about the hour of meeting on Monday week. Is anybody prepared to begin at eleven o'clock on that day or does everybody desire half past two?

(Counsel confer with Commissioners as to hour of resuming the inquiry.)

Sir WILLIAM MEREDITH: Half-past two on Monday week.

(The Commission adjourned at 3.30 p.m. May 19, to 2.30 p.m. Monday, May 29, 1916.)



# ROYAL COMMISSION.

## TWENTIETH DAY.

OTTAWA, Monday, May 29, 2.30 p.m.

Sir WILLIAM MEREDITH: The Commissioners are of opinion that the three following letters, namely:—

1. A letter dated October 15th, 1915, not signed but apparently from General Bertram or General Bertram and Colonel Carnegie to D. A. Thomas, Ottawa.

2. A letter dated at Montreal, October 10th, 1915, from D. A. Thomas to General Bertram, and

3. A letter taken from the file, dated November 17th, 1915, from General Bertram to D. A. Thomas,

which last letter closes the correspondence, are admissible.

Mr. HELLMUTH: Do the Commissioners decide that these letters are to be admitted?

Sir WILLIAM MEREDITH: Yes.

Mr. HELLMUTH: Are they to be read?

Sir WILLIAM MEREDITH: There is no object in reading them now.

Mr. JOHNSON: We can see them?

Sir WILLIAM MEREDITH: Yes. Any counsel can see them:—

OCTOBER 5th, 1915.

D. A. Thomas, Esq.,  
Chateau Laurier,  
Ottawa, Ont.

DEAR SIR,—Your letters addressed to Colonel Carnegie and myself on the subject of how the committee should deal with the preparation of tenders for large shells were read and discussed at a meeting of the committee on the 4th October, and I was asked to respectfully convey to you the unanimous expression of the committee's opinion on the subject.

While the committee recognize the value of competitive tender in ordinary commercial and industrial undertakings (where a knowledge of the article for which tenders are invited is common to the tenderers and where all are asked to tender under the same conditions) they consider the present situation is quite different. In the first place, the companies who are in the best position to tender by reason of having made smaller shells, have stated that any tenders they make can be regarded only as approximations. We are sure that other companies who have been invited to tender and without previous knowledge of shell manufacture, will be less able to give reliable prices.

The second consideration is that the conditions of tender are different. It is impossible for any one company in Canada to undertake the manufacture of, for instance 16,000 8-inch shells per week in the time required, neither is such a course desirable in view of the urgency of production. We cannot see therefore that by asking thirty or more different firms to quote for shells differing in number how we can fairly award contracts on a common basis of competitive tender. We agree that the firms tendering may give us some idea of what they consider a fair price, but we think it would be unfair to any company if the committee refused its help, if from ignorance of the nature of the manufacture, a price was quoted which was altogether outside the range of consideration.

You may think this an unlikely case, but we have abundant evidence already to show that this is just what will happen. We quote one instance only by way of illustration. Last Friday Mr. George Drummond of the Algoma Steel Company brought his experts to discuss the proposals regarding steel supply and forgings for the large shells. Mr. Woodward representing the forging company with whom they propose to associate themselves, quoted for forgings only, as follows:

Six-inch, \$7.50; 8-inch, \$21.25; 9.2-inch, \$27.40 (not including steel). General Mahon who was present at the interview expressed astonishment at such extraordinary prices. The prices are considerably higher than we should pay.

We hope that you will excuse this lengthy explanation but we desire to put on record our views and to add that we have found hitherto a unanimous endorsement by the manufacturers of the method adopted by the Committee with regard to fixing prices on shells. Such prices have been determined as a rule after consultation with the manufacturers.

We would add further that in quoting the War Office we have given them definite prices for completed articles which they have accepted or rejected without questioning in any way how we arrived at our prices.

We have considered it always to be the business of the Committee to decide what price should or should not be paid for any component part of the total article or articles placed with the Committee by the War Office.

We have had to pay at times more and sometimes less for component parts, but we have considered that so long as we supplied the completed article, passed and accepted by the proper authorities and at the price accepted by the War Office, no one had any right whatever to criticise either the prices we paid for component parts or the methods adopted by the Committee in placing the work at these prices.

So far as we are aware it has not been the custom to inquire, for example, at what price the Bethlehem Company are purchasing their components of shells, which we understand they do not make on their own premises. We presume that their total price on the finished shell is the governing factor of the contract.

We again regret to continue at such length, but we wish to emphasize the fact that the harmony established among such a large body of manufacturers, so hurriedly thrown into a new industry has been fruitful of good results because the methods adopted by the Committee have proved satisfactory. We understand also that the work of the Committee has received your commendation and also that of others.

We therefore consider it desirable in the common interest of the Empire at this time of intense struggle, that no more needless delays should hinder the placing of orders immediately for large shells, if the British Government really require them and intend placing orders in Canada.

We are prepared to submit amended prices for the shells to-day.

We have had prices before the War Office for 9.2-inch shells since last March and we placed a definite quotation with them on the 13th of August for 6-inch and 9.2-inch shells. See our 598 cipher in reply to War Office cable 0677 cipher, August 18.

The winter is fast approaching and the difficulties of construction are very considerable.

We see no reason why the orders for large shells could not have been placed six weeks ago and we think it undesirable to await the arrival of Mr. Hichens before placing our proposals before the War Office.

I think that this letter should be placed on record in view of my conversation with you to-day.

I have the honour to be, sir,

Your obedient servant.

(Part of Exhibit 317.)

"RITZ CARLTON HOTEL,

"MONTREAL, October 10, 1915.

"My dear General,—I am much obliged to you for your letter of October 5th, which contains a very full and careful expression of the views of the Shell Committee on important questions of policy involved in the allocation of orders.

"I note that the committee, while recognizing the value of the competitive tender system in ordinary commercial transactions, deprecate its application to the present situation for the following reasons:—

'First, that the manufacturers have insufficient knowledge to enable them to form an accurate estimate of the cost of production.

'Secondly, that no one firm can undertake to fill the entire order for any of the sizes of shell required, and that as the orders must be spread unevenly to some extent, over a number of firms, contracts cannot fairly be awarded on a common basis of competitive tendering.'

"On the first point, I would have supposed that Canadian manufacturers would be in as good a position to tender on the basis of drawings and samples as are American or English manufacturers. Further, the committee themselves have had no experience of the manufacture of large shells under present conditions.

"On the second point, it was of course never contemplated that the entire order for any particular size of shell would be given to a single firm. I do not follow your argument that the competitive tender system cannot fairly be applied to cases where orders are distributed, evenly, or unevenly, among a number of firms. This system is in fact regularly applied by the Ministry of Munitions at the present time, and with good results. Further, an unduly high or low quotation by a particular firm does not necessarily preclude subsequent bargaining or readjustment provided that equal justice is done to all bidders in this respect.

"As I have already intimated to you, the Minister of Munitions considers the prices allotted to the Shell Committee in the past have been too high and has indicated his view that the allocation of further orders to Canada will depend on the extent to which Canadian prices can be brought into line with others. Experience has proved that the most effective way of lowering prices is to introduce the competitive element. The adoption of a flat rate for all manufacturers of any particular class of article means that the rate must

necessarily be fixed at a figure which will allow a reasonable margin of profit to the contractor whose costs are highest. The result is that the more efficient organizations reap an unreasonable profit.

"The committee express the opinion that as long as they supply the completed article, passed by the proper authorities and at a price accepted by the War Office, no one has any right to criticise either the prices paid for component parts or the methods adopted by the committee in placing work. I cannot for a moment accept your contention that the Minister of Munitions is not entitled to inquire into the methods adopted by the Shell Committee in allocating orders, or into the prices they have paid. If that were the position, he would not have sent me to Canada, but putting the past aside, it is obviously open to the minister before placing any further orders to inquire into the methods of distribution which the committee propose to adopt, and if he does not consider these methods businesslike and economical, to make the allotment of orders to Canada conditional upon some other methods being adopted.

"A comparison is drawn in your letter between the position of the Shell Committee and that of one of the American firms supplying ammunition to the British Government. I do not follow the analogy. The American firm is one of a number of bidders negotiating for orders from the British Government and the interests of the buyer, i.e., the British Government are protected by the fact that this firm has to compete with a number of trade rivals. The Shell Committee on the other hand has no competition to face and the British Government, as buyers, must look to them to protect their interests much as as they do to the house of J. P. Morgan & Company to protect their interests in the United States.

"The fact that your Committee has drawn this comparison, however, indicates that you regard yourselves rather as contractors selling to the British Government than as Government agents. Whatever the legal position may be, recent events have left no doubt in my mind that it is the desire both of the Dominion and of the Imperial Governments that the Committee charged with the distribution of orders for munitions of war in Canada should be directly responsible to, and should act as the agents of, the Minister of Munitions in London.

"The issue that you have joined with me, in the friendly spirit that has characterized all our dealings, is important in that it relates to the bed-rock principles on which the allocation of munitions orders in Canada should be made. I am not now questioning the policy that you have adopted in the past. If the competitive tender system had been adopted from the start, the results obtained might have been more, or they might have been less, satisfactory; that is the hypothetical question that no one could answer with certainty. At the present time, however, we all, buyers and sellers alike, know far more about the business than we did nine or twelve months ago, and I have yet to be convinced that the competitive system could not successfully be adopted now. The recent experiment in connection with orders for cartridge cases and primers has, I consider, been attended with success. Some of the manufacturers who have been invited to tender for components of large shells did not, I am told, set about the matter very seriously, as they believed, with what reason I do not know, that the Committee's object in inviting tenders was only to obtain a guide for fixing flat rates. In so far as this was the case, the tenders received can be of little value, for it is obvious that any general impression of this kind would lead to high quotations, because it would be assumed that orders would not necessarily be confined to the lowest bidders. Further, the submission of low estimates by the manufacturers would tend to the reduction of the Com-

mittee's rates. I can well understand that the manufacturers, judging from past experience, would prefer the Committee to fix the rates. The British taxpayer, on the other hand, would, I am convinced, prefer to see the competitive system adopted. The interests of the latter should, I think, be paramount.

"I yield to no one in my appreciation of the way in which the Committee have assisted manufacturers to master technical difficulties and to co-operate in the production of munitions. No one acquainted with industrial conditions in England could fail to be impressed by the readiness of Canadian manufacturers to help each other, but I see no reason why these advantages should not equally be secured if the contracting is done on the ordinary business basis of competitive tendering.

"In respect to any delays which may have occurred in dealing with the offers of large shells that you have transmitted to the Ministry of Munitions on August 13th, I made every endeavour to press this matter forward as soon as the Minister authorized me to assume responsibility for it, and had your Committee seen their way to fall in with, and carry out, the policy which I recommended to them, I think that by this time very considerable progress would have been made. In present circumstances, however, as I have already informed you, I do not feel justified in authorizing your Committee to proceed with the allocation of orders for large shells on the lines that they desire to follow, but I have cabled to the Minister of Munitions stating that if, from his greater knowledge of the relative urgency of his requirements for ammunition, he decides to authorize your Committee to proceed, I shall offer no objection. I informed him at the same time that this difference of opinion between the Committee and myself has not in any way impaired the cordial relations that have subsisted between us since my arrival in Canada, and that will, I trust, continue as long as I am associated with this work.

I have, however, indicated to him frankly my view that the methods which your committee propose to adopt are not the best fitted to the needs of the time, and that the prices which you have quoted to him are too high. The decision rests with him and I am content to leave it there. I am sorry that the Committee and I have not seen eye to eye in this matter, but you will, I know appreciate the fact that I should not be discharging my duty to Mr. Lloyd George if I refrained from expressing my opinion upon the policy of your Committee, based as that opinion is, not only on my business experience, but also on what I have learned in this country and in the United States during the last few months.

Yours very faithfully,

D. A. THOMAS.

Brig.-General ALEXANDER BERTRAM,  
Canadian Shell Committee,  
Ottawa, Ontario, Canada.  
(Part of Exhibit No. 317.)

November 17, 1915.

D. A. THOMAS, Esq.,  
Plaza Hotel,  
New York, N.Y.

DEAR SIR,—I beg to acknowledge on behalf of the Committee receipt of your letter dated October 10, and regret that it has remained unanswered so long. Its contents were very carefully considered by the Committee, and while it was thought desirable by some of the members to give a full reply to the



statements and opinion expressed by you, with which they were not in agreement, it was afterwards decided that no useful purpose could be served by prolonging the discussion.

Yours very truly,

(Marked as Exhibit No. 317.)

Sir WILLIAM MEREDITH: With regard to this body of correspondence commencing with a letter from Mr. Flavelle to General Hughes, the Commissioners are of opinion that at present this correspondence is not to be admitted, reserving, if anything develops, the final disposing of it.

Mr. HELLMUTH: What about letters from Mr. Hichens?

Sir WILLIAM MEREDITH: Those are in this lot.

Hon. Mr. DUFF: They are included in the portion of the correspondence which is not admitted.

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth, will you proceed?

Mr. HELLMUTH: I will resumé with Colonel Allison.

J. WESLEY ALLISON, recalled and examined.

*By Mr. Hellmuth:*

Mr. HELLMUTH: The last matter taken up with Colonel Allison was the question in regard to the suspicions which he said he had with reference to the Dowler-Ryan people. Perhaps you will remember. Messrs. Commissioners, that the question as to whether the Sir Courtenay Bennett incident was to be further probed or not was left open. That was where we were at, at that moment.

Sir WILLIAM MEREDITH: I don't think that is exactly correct. As far as I was concerned (I don't know whether my brother Duff differs with me in it or not) it was conceded that no point was to be made of the fact that the communication from Sir Courtenay Bennett had come within the inquiry, or whether it should proceed. I don't know whether Mr. Johnston has considered that point or not.

Mr. JOHNSTON: No, I have not.

Mr. HELLMUTH: No answer was made to it. Mr. Johnston did not answer it definitely at the time.

Sir WILLIAM MEREDITH: He was not expected to answer it then; he was to consider it.

Mr. JOHNSTON: I don't think I was here at the time.

Sir WILLIAM MEREDITH: Yes, you were here. We can pass it for the present. You understand the point, Mr. Johnston. There was a telegram sent to the Shell Committee, or to some member of it.

Mr. NESBITT: It was a letter, sir.

Sir WILLIAM MEREDITH: It was a letter not to close the contract for time fuses without communicating with the Shell Committee. We had part of the history of that. This witness said there was something about it. What page do you find it on, Mr. Nesbitt?

Mr. NESBITT: The discussion which took place is recorded at page 1091.

Mr. HELLMUTH: It is a letter, the effect of which was not to sign any contract until so and so. Then Colonel Carnegie said they did see Sir Courtenay Bennett, and he referred to the Dowler-Ryan matter.

Sir WILLIAM MEREDITH: And the man Ohmer—did he mention Ohmer?

Hon. Mr. DUFF: Ryan was the man who brought him into connection with Ohmer, who was making shells.

[J. Wesley Allison.]

Mr. JOHNSTON: I see on page 1092 the following:—

“DEAR COLONEL CARNEGIE,—May I ask you not to sign any contract for time fuses until you have communicated with me? This is most important in the interests of Canada.”

Sir WILLIAM MEREDITH: That must be repeated, then.

Mr. JOHNSTON: “A great deal has been made of that letter. It has been suggested that we deliberately threw that aside in order to make the contracts that we have made.”

“Mr. HENDERSON: The witness has asked me to say to the Commission that he feels hardly capable of thinking again. Mr. Hellmuth tells me he has another witness available.” I pass the next paragraph.

“Hon. Mr. DUFF: We ought to know about this point that has just been put to you, Mr. Johnston, because if that question is really going to be raised—I did not understand it was at all—then we will have to investigate it. It cannot be left as an innuendo, you know.”

“Mr. JOHNSTON: Mr. Carvell has a good deal to say about that.” I pass the next few lines.

“Mr. HELLMUTH: Of course I want to know about this other matter before I take him up again.”

Mr. HELLMUTH: That is why I am taking it up now.

Hon. Mr. DUFF: The question is whether you are going to press the fact that Sir Courtenay Bennett wrote this letter?

Mr. JOHNSTON: Giving the reason for the suspicions. We think that ought to be investigated as far as possible.

Hon. Mr. DUFF: Mr. Hellmuth thinks so too.

Mr. CARVELL: I would like to be heard upon this question, Messrs. Commissioners. Reading from page No. 1090, I find this witness made the following answer in reply to a question by Mr. Hellmuth:—

“Mr. HELLMUTH: When you say you were suspicious of Dowler and Forbes, what did you mean by that?—A. I don't know whether you want—

“Sir WILLIAM MEREDITH: This is getting on dangerous ground?—A. There was a great deal of talk about Dowler-Forbes & Company being mixed up with Sir Courtenay Bennett and others.”

Taking that in connection with the letter put in in evidence early in the investigation, from my standpoint I want it investigated to the bottom, even to the extent of getting evidence from Sir Courtenay Bennett if necessary. There is an insinuation of some kind which is highly discreditable to somebody, and I think we ought to go into it.

Sir WILLIAM MEREDITH: We are not concerned with the innuendo; we are concerned with the charge, if it is to be made, that in the face of that letter warning them not to sign these contracts they did sign them. That is what we are concerned with in this investigation.

Mr. HELLMUTH: We have the explanation (if it is an explanation) of Colonel Carnegie in regard to that. I don't know whether this witness can speak of it.

Sir WILLIAM MEREDITH: Go on, Mr. Hellmuth. Pursue the inquiry.

Mr. HELLMUTH: What do you know then, Colonel Allison, in reference to this matter of Sir Courtenay Bennett?—A. Just a general rumour that he was interested with Dowler-Forbes in wanting to delay the placing of contracts for some purpose, I don't know what.

Q. Have you any first-hand knowledge in regard to it?—A. No; general rumour.

Q. Then you cannot throw any light upon it apparently?—A. No.

Mr. HENDERSON: But it was a reason for his writing the letter.

Mr. HELLMUTH: I understand that.

Q. We will go on with some matters you do know something about. I think we had finished, or at least I had for the time being, with the fact that you had learned from Mr. Yoakum of your share in the commission, and I am now going to inquire of you, what was the first thing you did in reference to either obtaining a portion of that share, or appropriating it to others; what was the first action on your part in regard to dealing with that share?—A. I did not take any action at all in connection with it until—

Q. You did not take any action at all in connection with it until when?—A. Some time in—I don't know exactly.

Q. Do you remember the first order you gave?—A. December.

Q. Can you say whether you had taken any action before you gave the first order?—A. No.

Q. Do you mean you cannot say?—A. I don't remember taking any action at all.

Q. Do you remember the date of the agreement—I do not mean the agreement which was actually signed, but the agreement drafted with Lignanti?—A. No, I don't know the date of that.

Mr. HENDERSON: It is dated the (blank) day of September. I have a copy of it here.

Sir WILLIAM MEREDITH: A copy of the agreement, with memo. attached?

Mr. HELLMUTH: No, sir, a copy of the agreement made the (blank) day of September, 1915, unsigned.

Sir WILLIAM MEREDITH: It is Exhibit No. 299.

Mr. HELLMUTH: I would like to verify it, if it is a copy.

Q. Colonel Allison, we have had put in here as Exhibit No. 299 an unsigned agreement of the (blank) day of September, 1915, made between yourself, Eugene Lignanti and Benjamin F. Yoakum. Mr. Yoakum (I think you were here during the time) told us that he would have nothing to do with it, that it was no part of his business what you and Lignanti chose to agree to. Will you tell me, first of all, what you know about the drafting or the preparing of that agreement?—A. I don't know anything about the preparing of this agreement at all.

Q. You don't know anything about it?—A. No.

Q. Did you give any lawyers instructions to prepare an agreement of this kind?—A. No, sir.

Q. It was the fact, was it not, that you had an arrangement prior to this with Lignanti?—A. A purely verbal arrangement.

Q. Quite so. I am not saying it was not a purely verbal arrangement. I am asking you whether you had a verbal arrangement as you say prior to September, 1915, with Lignanti,—you had a verbal agreement with Lignanti?—A. Yes. I cannot say that it was an agreement, Mr. Hellmuth. He left everything entirely to me, if there were any profits, as to what he should get.

Q. I will have to ask you to speak out.—A. If there were any profits on any deals we were negotiating on, he left the entire question to me as to what his share of the profits was to be.

Q. How long had that been running?—A. I don't know.

Q. About how long—prior to September, 1915, I am speaking of now?—A. I don't remember. I don't think we ever discussed anything.

Q. You told me already, I think (perhaps I am mistaken, that Lignanti was sharing or you were allowing him to share in some of your profits?—A. Yes.

Q. Or prospective profits?—A. Yes.

Q. That is correct?—A. Yes.

Q. Was there any definite understanding as to the proportions in which you and Lignanti would share?—A. No, only as a deal came along we dealt with it.

[J. Wesley Allison.]

Q. As a particular deal was initiated or consummated, which?—A. Up to that time—

Q. But as soon as a deal was initiated, did you then settle what your proportions would be if it came to anything, or did you wait until the deal was closed?—A. No. We usually waited until after the deal was closed.

Q. What business was it that Lignanti would share in—anything you took up?—A. No.

Q. How would you know whether Lignanti was to be in a particular deal or not; was it something he initiated; would you be sharing in that?—A. He had some deals of his own.

Q. Would you share in those deals?—A. If he consented that I should.

Q. But surely there must have been some method by which you could say whether this is a Lignanti deal or this a Colonel Allison pure and simple deal?—A. There was no definite understanding at all with Mr. Lignanti.

Q. Then how would you know whether he was going to share with you or not; what would bring him into a participation in the profits?

Sir WILLIAM MEREDITH: You will get at it easier if you find out what the arrangement was, whether it was general, or whether it was special.

Mr. HELLMUTH: What was the arrangement with Lignanti?—A. Mr. Lignanti had spent an awful lot of money, or a good deal of money in getting quotations, and so on, and we had—

Q. Who do you mean by me?—A. Well, this is foreign to this inquiry, and I don't want to go into this.

Q. I don't want the name of anybody but yourself and Lignanti.—A. I had negotiations on with other countries.

Q. But how did Lignanti come to have anything to do with it?—A. When I would call him in to help in matters.

Q. Whenever you would call Lignanti in to help you put through any deal, is that what I understand?—A. Yes.

Q. Then you would give Lignanti, at your own will, what you considered was a fair share, or commission?—A. Yes.

Q. Is that right?—A. Yes.

Q. Were there any deals in which Lignanti would call you in and give you a share?—A. Yes.

Q. And would he have a right to fix that?—A. Yes.

Q. And was that the only arrangement between you?—A. That is all, up to this—yes.

Q. Then Exhibit No. 299 must have been prepared—it certainly was not prepared, if we are to accept the evidence of Mr. Yoakum, at his request or solicitation; you heard that, you understand that, don't you; do you say it was not prepared at your request or solicitation?—A. No.

Q. Do you say it was, or that it was not?—A. No.

Q. You mean it was not?—A. It was not.

Q. Did you know it was prepared?—A. I knew when I got that document. I never read it until some considerable time afterwards.

Q. About what time was that?—A. I do not remember the date, it must have been sometime in September.

Q. Just tell me the circumstances under which you came to get it? How did it come into your possession?—A. This document?

Q. Yes?—A. I think Lignanti—

Q. He brought it?—A. I think he left it in my office.

Q. Did he ask you to sign it, execute it?—A. I do not remember whether he did or not.

Q. What did you do with it?—A. Stuck it in my desk and left it there.

Q. Weren't you pressed to execute it by Mr. Lignanti?—A. No.

Q. Did he tell you it was a document to arrange?—A. He asked me to read it over.

Q. And apparently you did not even do him that poor honour. Is that correct, you did not read it over at that time?—A. I read it over after.

Q. How long after?—A. I do not remember that.

Q. At once, when it came to you?—A. No, I did not.

Q. Then, sometime after. All Lignanti requested you to do was to read it over. Is that all as far as you can recollect? Didn't he say read it over?—A. Mr. Hellmuth, I knew nothing whatever about these other deals.

Q. I did, not say that you did?—A. I knew nothing about these other deals that Mr. Yoakum and others were working on in which they offered me a proportion.

Q. Yes?—A. And I did not want to go into those deals until I knew something about them.

Q. Isn't that really after you read it over, Mr. Allison, because before you read it over you did not know what deals it touched?—A. That is some considerable time after he left it.

Q. When you first got it you stuck it in a pigeon hole, and at some later date that you cannot fix you read it over. Is that right?—A. Yes.

Q. Then when you read it over you saw that it touched a number of deals. Let me read it?—A. If you would mention the deals—

Sir WILLIAM MEREDITH: That will be shorter. It has been read two or three times. Tell him the deals.

Mr. HELLMUTH: Q. The first deal is the American Ammunition Company. That is the 2,500,000-fuses?—A. Yes.

Q. What interest had Lignanti in that?—A. \$50,000.

Q. How did he come to have that?—A. It was just an arbitrary amount fixed.

Q. At the time this was read by you had you fixed him that \$50,000?—A. No.

Q. At the time that this was read by you you had not arranged any amount?—A. No, we had not decided upon any amount.

Q. You had not decided on the American ammunition. It was fixed at \$50,000 the same as it is in here?—A. Yes.

Q. Then, the Edward Valve. What about that? What interest had Lignanti in that?—A. Well, Mr. Yoakum gave you the amount.

Q. No, I am saying what interest had Lignanti? Mr. Yoakum was to get four cents for each cartridge?—A. I understand, but Mr. Yoakum has explained the proportionate interest that Mr. Lignanti was to get.

Q. Oh, no?—A. I thought he did? I have not read over the evidence.

Q. I do not recollect it at all. Do you know what Lignanti was to have there?—A. I think it was 25 per cent of a proportion that Mr. Yoakum proposed to give me.

Q. Twenty-five per cent of a proportion that Mr. Yoakum proposed to give you?—A. Yes.

Q. It says here that he was to get \$2,500 instalments equal to one-eighth of the payments made to Mr. Yoakum?—A. That is correct.

Sir WILLIAM MEREDITH: That would be the same, one-eighth of the whole?—A. Yes, sir.

Mr. HELLMUTH: What about these negotiations pending between the Canadian Vickers, which is known as the Southern Rifle Deal?—A. That is a mistake. I never had any negotiations with the Canadian Vickers at all.

Q. That is, Canadian Vickers relating to a contract for rifles and munitions known as the Rifle Deal. Had you any Southern Rifle Deal?—A. Yes, sir.

Q. What was that? Was Lignanti in that?—A. Yes, sir.

Sir WILLIAM MEREDITH: I understand the witness to say that it had nothing to do with the Canadian Vickers?—A. No, sir.

[J. Wesley Allison.]

Mr. HENDERSON: That is what he wants to make clear, or anything Canadian.

Mr. HELLMUTH: What about negotiations for 140,000 rifles known as the Allison Southern Rifle Deal?—A. That is another.

Q. Had Lignanti anything to do with that?—A. Yes.

Q. Now, the Providence Chemical Company.

Sir WILLIAM MEREDITH: That is the picric acid?

Mr. HELLMUTH: Yes.

Q. Do you know anything about that?—A. Just in a general way.

Q. Had you been negotiating that contract?—A. No.

Q. Were you to give—A. I think I gave quotations to a representative of France on picric acid, and also a representative of Great Britain.

Q. Did you make any arrangement with Lignanti?—A. No, I did not.

Q. Then, perchlorate powder, do you know anything about that deal?—A. Just in a general way.

Q. Had you any interest in it?—A. Nothing only as Yoakum and Lignanti—

Q. Had you any arrangement with Mr. Lignanti in regard to it?—A. Only that he told me that I would have the same proportionate interest in that.

Q. Then the contract procured by Mr. Lignanti for the Electrolytic Metals Company to furnish to the Canadian Car and Foundry Company 34 tons of powdered magnesium, and Lignanti would be entitled to one dollar per pound. Do you know anything about that?—A. Only what he told me.

Q. Did he tell you much the same as is in here?—A. I think so.

Q. I do not see that there is anything different in here than what he told you himself.

Mr. HENDERSON: The next clause is the sticker.

Mr. HELLMUTH: The next clause is (reading from Exhibit 299): "That in order to procure a bond in the sum of \$26,000 for the purpose of said contract"—is that the one?

Mr. HENDERSON: Yes.

Mr. HELLMUTH—"the said Lignanti and two others furnished a joint and several agreement of indemnity to the Casualty Company of America. The said Yoakum and Allison do hereby jointly and severally assume seven-eighths of the liability of said Lignanti upon said bond and do hereby jointly and severally agree for themselves, their legal representatives and assigns, to pay upon his demand, seven-eighths of all moneys required for payment of said Lignanti's loss, damage and expense."

Q. What about that?—A. There was some understanding, but the details I do not remember.

Q. There was some understanding?—A. Mr. Yoakum and Mr. Lignanti had some conference about the bond. I do not remember the details.

Q. Were you to guarantee Lignanti on this bond and bear part of the loss? Was there any such arrangement as that, that you and Mr. Yoakum were to bear part of the loss?—A. That would all have been arranged by Mr. Yoakum.

Q. Did you have any part?—A. If Mr. Yoakum arranged it I would.

Q. He says he did not. Did you arrange it separately from Mr. Yoakum?—A. Oh, no.

Q. I do not want you to think that I am asking you in regard to what Mr. Yoakum did?—A. I did not understand you, I am sorry.

Q. Did you do anything in regard to it?—A. No.

Q. There are a whole lot of other clauses about what the parties are to do. After you had read this over, what did you say to Lignanti about this document?—A. Why, along in November or early in December—

Q. Yes?—A. He asked me if I would execute that document, and I told him no I would not, but that I would give him the proportionate interest when it came to me, when I was sure I was going to get it.

Q. The proportionate interest in some of the matters mentioned in the document?—A. Yes, as they were closed.

Q. As they were closed, quite so. Did he press you to go on and execute it?—A. No.

Q. Did you go to Mr. Yoakum and ask him to execute it?—A. No.

Q. Did you have any discussion with Mr. Yoakum?—A. No, I did not discuss it with Mr. Yoakum.

Q. You told Mr. Lignanti you would treat with him in regard to the several matters mentioned here but would not execute a document. Is that a fair way of putting it?—A. Yes.

Q. I see the document commences by saying that you and Lignanti entered into an agreement prior to January, 1913—

Mr. HENDERSON: That is a mistake, it should be 1915.

Mr. HELLMUTH: Yes.

Q. I suppose it should be 1915?—A. Oh, yes.

Q. Did you tell me before what your arrangements—

Mr. NESBITT: That 1913 may be right, if it relates to their being in the coal business.

WITNESS: Oh, no.

Mr. HENDERSON: Oh, no. It is a typewriting error.

Mr. HELLMUTH: At all events, you did tell me, I think, the other day that when you were abroad Lignanti carried on. Is that the agreement that is referred to?—A. That is all.

Q. But there was no written agreement?—A. No.

Mr. HELLMUTH: Will you please let me have those orders on Mr. Yoakum

Q. The first order which you gave apparently is dated December 2nd, 1915, and that is an order to pay Major George Washington Stephens the sum of \$10,000. Now, what was the relationship with Major Stephens?

Sir WILLIAM MEREDITH: Did he not tell us that before?

Mr. HENDERSON: Mr. Yoakum told what the witness told him.

Mr. HELLMUTH: Just shortly, what was the relationship with Major Stephens?—A. We were working together.

Q. In what way, munitions?—A. Yes.

Q. And was this a balance that you owed him, or what? Was there a balance coming to him? How was it that you had to give him an order for \$10,000? Did you owe him a debt?—A. Major Stephens is working—has been for sometime working on some deals in Europe.

Sir WILLIAM MEREDITH: What kind of deals, not pork or cheese?—A. No.

Mr. HELLMUTH: Munitions?—A. The sale of munitions, rifles, cartridges, shrapnel, hay and horses.

Q. Why would you have to pay him \$10,000? I might be working, and I should be very much astonished if you gave me \$10,000. Was he working in conjunction with you?—A. Yes, sir.

Q. Was there a sort of partnership between you?

Sir WILLIAM MEREDITH: You must not commit him to that, a joint adventure.

Mr. HELLMUTH: A joint adventure?—A. Yes.

[J. Wesley Allison.]

Q. A joint adventure between you; and was Major Stephens entitled from your side of the adventure to get \$10,000?—A. I thought so, or I would not have given it.

Q. Then, it was practically what you considered more or less of a debt by you to him on that joint adventure up to that time?—A. I expected to get the same proportion in a deal that he was working on.

Q. Then it was not a debt at all. Did you say, "I am getting a good thing out of this commission coming from the American ammunition through Mr. Yoakum, you can have \$10,000 out of that and when you consummate some other deal I want \$10,000 out of it?"—A. I told Major Stephens that this deal had been put through by Mr. Yoakum, and Mr. Yoakum had provided a commission that was not understood originally between him and me, and in consideration of his taking care of me in another deal I was working on I would give him \$10,000.

Sir WILLIAM MEREDITH: Then there was not a general partnership?

Mr. HELLMUTH: There was not a general joint adventure?—A. Only in deals that he called to my attention and asked me to help him on.

Q. Then, had you any general understanding? Please speak up. Sometimes I can hardly hear what you say. Do you mean to say that you had a general understanding with Major Stephens of some description?—A. Yes, sir.

Q. With regard to your reciprocal interests in business that either of you should successfully carry through?—A. I might say that Major Stephens was interested with me in procuring the contract that we turned over to the Canadian Car and Foundry Company. He had a large interest in the profits coming from that, and he had another rifle deal with a country in Europe and he was giving me a proportionate interest in that.

Q. You say he was giving, making you a gift?—A. No, it was a general understanding.

Sir WILLIAM MEREDITH: As I understand your statement it was not an arrangement you went into and he went into, that you were to be jointly interested in, but in such adventures as you and he took up together?—A. Yes.

Hon. Mr. DUFF: Then you did take this up together. You had taken up this fuse contract together, had you?—A. He did not know anything about it.

Mr. HELLMUTH: How on earth has he become entitled to anything in a contract which he knew nothing about? How under your arrangement would he be entitled to anything?—A. Under the understanding I had with him I felt that he was entitled to an interest in it.

Q. Was he entitled to an interest in everything you took up?—A. Not unless we had an understanding.

Q. Had you an understanding?—A. We came to an understanding then, the time I gave him this order.

Q. Well, I do not understand it.

Mr. EWART: I think that is quite clear, a general understanding for particular understandings as things arose.

Sir WILLIAM MEREDITH: You said that when you gave him this order for \$10,000 it was upon the understanding that you were to share in some other deal he had on at the time?—A. I do not like to make public—

Q. You are not asked to?—A. Major Stephens put through a deal in Europe—

Hon. Mr. DUFF: When?

A. Early in 1915, in which I was entitled to \$120,000 under the agreement that Major Stephens made with the people at that time, because I sent him to the people whom he arranged the matter with.



Q. You were entitled to that in the early part of 1915 by virtue of some arrangement you had with Major Stephens?—A. Yes. And these people have carried their deal through and refused to pay anything, and I left it entirely to Major Stephens to work it out, and I told him before he left that I would give him an order for \$10,000 on what was due to me by Mr. Yoakum. I am perfectly willing to give to the Commissioners and to you privately the name.

Mr. HELLMUTH: That is not the point. I think I am getting a glimmer now. You were practically paying your share of Major Stephens' time and expenses in going over to get the money in this other matter by giving him an order for \$10,000.

Mr. JOHNSTON: Which he did not get.

Mr. HELLMUTH: Which he will get.

Q. You were interested with him in this \$120,000. He was going to Europe to try and get a settlement?—A. Yes.

Q. And you gave him \$10,000, you not going over, is that right?—A. Yes.

Hon. Mr. DUFF: Is that what you mean?—A. We did not discuss it in that way, we did not put it that way.

Mr. HELLMUTH: Is this right, you said, "You are going over to get it and I will give you an order for \$10,000 on this commission coming to me from Mr. Yoakum?"

Sir WILLIAM MEREDITH: Would not it be better to let him say what took place between him and Major Stephens? Somebody will ask that.

Mr. HELLMUTH: Yes. Tell us what took place.

Hon. Mr. DUFF: State in your own words what took place?—A. I have already explained, that I feel that I am entitled to \$120,000 on a contract that was completed at my investigation in one of the countries in Europe, and the people who secured the contract refused to pay the commission, and I told him that it was absolutely impossible for me to go over there and as he had a large interest in that contract I would leave the matter entirely to him to settle, and I told him that I would give him an order on Mr. Yoakum for a \$10,000 interest in this fuse profit that was coming to me.

Mr. HELLMUTH: When was that?—A. Sir?

Q. What date was that?

Mr. CARVELL: Will you ask the witness to speak a little louder.

Mr. HELLMUTH: Will you try and speak a little louder. When was this, Colonel Allison?—A. Last fall, I should think it would be sometime in November or December, I do not know which.

Q. The order was given on the 2nd of December?—A. It would be about that date.

Q. Now, on the 2nd of December you gave an order to E. Lignanti for \$50,000?—A. Yes.

Q. Will you please explain how you came to give that order?—A. That is the amount that I fixed to pay Lignanti on that particular deal.

Q. How did you come to fix it? Tell us what took place between you and Mr. Lignanti when that was fixed?—A. Well, he showed me what he was doing on these other matters and I arranged to pay him that amount and gave him an order on Mr. Yoakum for that amount.

Q. So that did not represent any debt that you owed Lignanti at all, it was a settlement with Lignanti, and the amount that you considered and he expected that he was entitled to out of that particular commission?—A. Yes, sir.

Q. Then on January 20 you gave an order to Colonel William McBain for \$30,000. What was that and how did that come to you?—A. Colonel McBain was working on a number of contracts in Europe in which he expected to make considerable profit, and there were some other interests. That is, he thought that he ought

[J. Wesley Allison.]

to get some small interest in the Canadian car contract that I had closed with Colonel Mackie, and we fixed on that amount as being a settlement for all matters between Colonel McBain and myself, and I was to have a proportionate interest in the deals that he was working on and is still working on.

Q. Had Colonel McBain any interest in this fuse contract or the commission in that?—A. Only in the same way, that we were working other deals.

Q. Had you this sort of joint adventure with Colonel McBain too?—A. Practically the same as with Major Stephens.

Q. And you say this was a settlement with Colonel McBain of all the interests he had against you, or only part?—A. All matters that were pending between us.

Q. Then, could Colonel McBain go on from that and ignore you, or could you go on and ignore him or would you have to account again?—A. Oh, no, if he wanted to ignore me, he could do so. I could do the same with him.

Q. The joint adventure at the wish of either could be at an end as soon as you gave that order, is that right?—A. Yes.

*By Hon. Mr. Duff:*

Q. This contract that you had an interest in or that he had an interest in was a contract with the Russian Government?—A. Yes, sir.

Q. And you mean that Colonel McBain was interested with you in some commission in connection with that?—A. He thought he ought to have something out of it.

Q. And you recognized that he was entitled to it?—A. He spent money—

Q. No, no, you recognized—A. Yes, I recognized it.

Q. And that was the nature of the contract at all events that he had an interest in, and you saw that this was given to him in settlement of it?—A. Yes.

Q. It says on this order:

The above does not include the three million shells contracted for by the Canadian Car and Foundry Company, which three million shells is in addition to the original two million shells taken by that company. It does, however, settle in full all other matters of every nature and description.

What do you mean by "does not include the three million shells contracted for by the Canadian Car and Foundry Company"?—A. That was a matter that I would rather not discuss here.

Mr. JOHNSTON: I think we ought to know it.

Mr. HENDERSON: It settled everything except that.

Mr. HELLMUTH: Is that Canadian Car and Foundry Company anything connected with the Shell Committee?—A. Not that I know of.

Q. Did the Shell Committee purchase from the Canadian Car and Foundry Company?—A. Not that I know of.

Sir WILLIAM MEREDITH: I think he said this Canadian Car and Foundry Company was a contract with the Russian Government?—A. Yes, sir.

Hon. Mr. DUFF: Do you mean those three and two millions shells are shells to be furnished to the Russian Government?—A. Yes.

Q. In other words they are shells under the contract that you mentioned in answer to my question of a moment ago?—A. Yes, sir.

Mr. HELLMUTH: The last of the orders is an order of March 3, 1916—

Hon. Mr. DUFF: Before you leave that I would like to hear a little more about this order that you gave to Colonel McBain. You said that there were other things, or that there was business at all events that he had been carrying on in which you were interested?—A. Yes.

Q. Do you mean to say that that business had all been cleared up at this time, or was still pending?—A. Yes, it is cleaned up now as far as—

Q. I am speaking of the other business?—A. That is still pending.

Q. I am not asking whether it is still pending now; was it pending at this time? If it is pending now of course it must have been pending then?—A. Yes.

Q. What did you mean by saying that Colonel McBain could refuse to recognize you in respect of that business if he chose to do so?—A. Well, he could.

Q. That is to say the arrangement between you and him was such that after you had carried out your side of the thing he could tell you he was not concerned with you?—A. On any other business excepting this very deal we speak of with McAvity's which was pending in Europe, and that deal we understand one another, but all other matters—

Q. So that really it was a case of favour against favour from time to time, is that the idea?—A. Yes.

Q. This share given to him then was it in the nature of a share in your profit out of this fuse business in compensation for favours you received from him and expected to receive from him, was that the idea?—A. Yes.

Mr. HELLMUTH: Had Colonel McBain himself anything to do with or any knowledge of the fuse contract and commission until after the contracts had been let and you had been advised of them?—A. No, sir.

Q. I ought to ask you the same in regard to Major Stephens; had he anything to do with it?—A. No, sir.

Q. So that neither of those two gentlemen knew anything about the fuse contract until after you had learned from Mr. Yoakum that you were entitled to a commission; is that right?—A. Yes.

Q. There is an order here, the last order, March 3, to M. G. Edwards, for \$105,000?—A. Miss Edwards is my wife's sister, and has lived with us and been brought up by my wife since she was two years old, educated by us, and has had for the past eight or ten years, or twelve years, full charge of all our affairs at home, paid all bills,

Q. It was a payment or gift to her?—A. In January and February I was very ill, and as I had made other provisions for my wife and daughter I felt that I ought to recognize her in this way, and gave this order to her for her services during all these years.

Q. So that Miss Edwards was in no way connected with the fuse contract?—A. Not at all.

Q. There is one other matter in connection with this; what about this man Craven who got \$30,000, did you know of that?—A. Yes.

Q. Did you hear what Mr. Yoakum said about Craven?—A. Yes.

Q. Do you want to contradict—?—A. I have nothing to add to that at all.

Q. Craven had made a claim, had he not?—A. Yes.

Q. On his own behalf?—A. Yes.

Q. And you recognized his claim to the extent of \$30,000?—A. We agreed to it; there were other large contracts pending between Mr. Craven and the McAvity concern and other matters that we thought that it was better to recognize Craven to that extent.

Q. When you say other matters pending I do not quite understand that.

Mr. HENDERSON: He told you a few minutes ago other Russian contracts.

Mr. HELLMUTH: What other matters do you mean were pending? I do not want the particular matters; but do you mean that you were interested in other matters with Craven?—A. I was negotiating for prices on shrapnel, rifles—

Q. For Craven?—A. With Craven, representing McAvity of St. John, one of the best concerns in Canada.

Q. You were negotiating with him in these matters?—A. Yes.

Q. Why would that give him a right to get \$30,000 out of the fuse contract?—A. He had been working with, mixed up with Mr. Bassick and with the Dowler-Forbes people.

[J. Wesley Allison.]

Q. Dowler-Forbes did not help you in getting any commission?—A. No. Anyway, Mr. Craven felt that he ought to have an interest in it, and as he had taken considerable, done considerable work in the matter—

Q. Did he get that interest partly on account of future favours that you thought might come through him again in the work you were doing in the future?—A. Very largely.

Q. A matter of policy to some extent?—A. Not altogether; he was entitled to recognition.

Hon. Mr. DUFF: For the work he had done?—A. Yes; he had done some work.

Mr. HELLMUTH: What had he done?—A. He had been working with Bassick and others, as I understand it, through Mr. Yoakum.

Q. You do not seem to have looked in to it with any closeness at all; you seem to have accepted what Mr. Yoakum told you about all these things; you do not know of your own knowledge that he ever did a tap of work in this matter do you?—A. Oh, yes, I knew that Mr. Craven had been trying to get prices all over the country.

Hon. Mr. DUFF: Prices for what?—A. For fuses.

Q. Prices for fuses?—A. Yes.

Mr. HELLMUTH: That is not exactly what would have entitled him out of this Yoakum commission to get anything; what had he done with Mr. Bassick or Mr. Cadwell or anybody?—A. I do not know that.

Q. Is it not a fact that you took in regard to the permission or consent that you gave to his taking \$30,000 out of the \$475,000 gross, or you accepted what Mr. Yoakum thought he might have, plus your own knowledge of the service he might be to you in the future contracts?—A. Yes.

Q. I should think so, because you yourself do not appear to have had any knowledge about it. What do you know about the Edward Valve contract; tell me what you know about it from the start of the Edward Valve contract?—A. Col. Carnegie asked me to find out if I could get anybody in the States who would take a contract to supply two hundred or three hundred thousand brass cases quickly, and at what price. I got prices from the representative of the North American Copper Co., who finally notified me that they thought they would be able to take the contract or would be able to take the contract and fill it at \$2.30. I waited for a letter from the concern confirming their verbal proposition; I waited for two weeks, and was notified that the raw material that they had figured on getting had been absorbed, and they could not take the contract at all. We then tried a dozen other people, and among others was the Wagner Electric Co. of St. Louis, they said that they would take the contract, that they had the raw material; and I notified Col. Carnegie that they would accept the contract—that is the North American. Then the Wagner Electric Co. representative notified me that they would not take the contract for less than \$2.70 a case. I then went to Mr. Yoakum and told him of my having advised Col. Carnegie that I could get these cases, and asked him if he could help me out in the matter, and he got hold of the Edward Valve Co. with the assistance of another friend of mine, and got a proposition from them.

Q. Did you do anything about the negotiating of that proposition?—A. Yes.

Q. Had you anything to do with it?—A. Mr. Yoakum told me that he got them to take the contract at \$2.39. I so reported it to Col. Carnegie, and Col. Carnegie came down with a contract all ready prepared by filling in the name of the concern for the Edward Valve Co. When the Edward Valve Co. representative met Col. Carnegie and General Pease—

Q. Were you present?—A. Yes—met Col. Carnegie and General Pease at my room, and he stated the deliveries, and he wanted \$250,000 of an advance.

Q. Who said that?—A. The Edward Valve people wanted \$250,000. General Pease and Col. Carnegie objected—

Q. Do you mean General Pease or General Bertram?—A. No, General Pease; General Bertram was not there at all.

Q. Objected to what?—A. He objected to advancing the \$250,000, and he asked them why they could not finance their own proposition without this advance; and the representative went down and got hold of Mr. Yoakum, telephoned to Chicago to their President and explained the position that General Pease and Col. Carnegie took in the matter, and the President, as he came back and reported, that is the representative, said that if they would pay the interest on the money that they would have to borrow from the bank why they would take the contract under the proposition that General Pease made; and General Pease offered to advance the price 4 cents in lieu of interest, and the contract was dictated by General Pease in my room; that is the letter given to the representative of the Edward Valve Co.

Q. That letter was dictated in your room?—A. Yes sir.

Q. That is the way you say it came to be \$2.43 instead of \$2.39?—A. Yes sir.

Q. That ended your connection with the contract, not the contract, but the letter that was given. When was your commission arranged?—A. Mr. Yoakum notified me that the Edward Valve Co. had given him a commission, I think it was about the 20th August, along the latter part of August.

Q. This letter was given in July; the letter was given I think on the 16th July?—A. Some time in July, yes.

Q. When do you say you heard of this—did not you know about your commission at the time?—A. No, I did not know anything about it.

Q. When did you hear of your commission?—A. I say it was later on.

Q. What did Mr. Yoakum tell you?—A. He told me he had secured a commission.

Q. Did he tell you how much?—A. Yes, sir.

Q. How much?—A. 4 cents.

Q. That seems to be the same amount as was added to the price, you see?—A. It had nothing to do with it. The 4 cents added by General Pease was to offset the interest that the Edward Valve Company was paying the bank, and the proposition was so made by General Pease in my room and taken down at that time by my stenographer.

Q. When Mr. Yoakum advised you in August that he was getting a commission of 4 cents did he tell you you would be entitled to 2 cents of that?—A. Oh I think so.

Q. You have no doubt that that is so, that he would tell you?—A. Yes, undoubtedly.

Q. How was the commission to be paid, was it to be paid in advance or when the cartridges were delivered and paid for?—A. I did not ask him that, I do not know.

Q. Have you been paid yet?—A. No.

Q. Have you received anything?—A. Not a cent.

Q. When did you first know that Yoakum was getting a commission in this deal—you say he told you in August, but when did you first know that he was actually getting a commission—you would not suppose he would be working for nothing; you had called him in, you say, as an assistant after you fell down—I wont say you fell down, but after the two companies you had tried to get to take the order among others had fallen down, then you called in Yoakum's assistance—you did not expect Mr. Yoakum was a philanthropist; you expected he would be wanting something?—A. I did not know anything about it; Mr. Yoakum was a very strong man in Chicago, and I understood he was helping them to get the necessary money to purchase their machinery and raw material.

Q. Do you say that the first time you knew that Mr. Yoakum was getting a commission out of this was some time in August?—A. Some considerable time after the contract was closed.

Q. And of course you are frank in saying you did not repudiate at all getting your share of it?—A. No, sir.

[J. Wesley Allison.]

*By Mr. Johnston:*

Q. I may not have quite apprehended what you stated about the settlement with some of these gentlemen, for instance McBain and others; was the amount or the order that you gave on the commission in full settlement of the claims at that time, if they had claims, was it intended to be as a settlement, whatever you gave them?—A. You mean McBain?

Q. I will take one at a time—McBain?—A. Yes.

Q. If there was nothing paid under these contracts what then?—A. Nothing.

Q. He took that and took his chances, is that it?—A. Yes.

Q. The same way with Stevens?—A. Yes.

Q. And the same way with the other gentlemen?—A. Yes.

Q. So that if the contracts happened to be cancelled they got nothing?—A. No.

Q. And if your contracts, or their contracts rather, were carried out and the money was paid you would get paid in full for your share, whatever that was, taking the same chances of loss, is that right?—A. I do not know anything about that.

Q. You know what you expected, surely?—A. I do not know anything about the—I have never read the contract that Mr. Yoakum has.

Q. What contract are you referring to now?—A. I do not know what you are talking about.

Q. I am talking about the amounts that you would be paid—coming to you—out of your various undertakings?—A. They will get if Mr. Yoakum gets it.

Q. I am speaking about your getting it; take for instance any of these contracts, that Mr. McBain was in or anybody else was in, or Mr. Yoakum was in, and money is coming you expect to get a share of the commission?—A. I will get the share Mr. Yoakum agreed to give me.

Q. Certainly; and if there is no money coming, the contracts are not carried out, you do not expect to get anything, is that the story—there would be no commission would there?

Mr. HENDERSON: Which are you talking of now?

Mr. JOHNSTON: Any contract?—A. I do not understand.

Q. You have spoken to my learned friend Mr. Hellmuth about certain contracts that they were interested in carrying out, and they were giving you a certain result from those contracts when closed, you understand that, and you were to do the same thing with yours that you were carrying out—

Hon. Mr. DUFF: Limited to commission.

Mr. HENDERSON: My learned friend did not understand anything of the kind from the witness.

Hon. Mr. DUFF: I certainly understood it.

Mr. HENDERSON: McBain's was a closing settlement.

Hon. Mr. DUFF: I understand it with regard to McBain.

Mr. JOHNSTON: What do you say as to that?—A. If Mr. Yoakum gets his money he will give the proportionate amount that Mr. McBain is entitled to under that order I gave.

Q. How did McBain come to be entitled to the amount which you gave under that order; give us some explanation why he was entitled to that large sum?—A. I have already given all I can give you.

Q. Was there any discussion as to the amount, or were you just paying out \$10,000 or \$30,000 as the case might be?—A. There undoubtedly was a discussion as to the—

Q. What was the discussion?—A. I do not remember.

Q. Do you pay \$30,000 without remembering the discussion over it?—A. I do not remember the discussion, no.

Q. Give me a general outline of it?—A. I have already given it.

Q. Give it again, please?—A. I cannot.

Q. Is it that you wont do it or do not remember; you have given it once, let me hear it again please?—A. I have already told you that it was an adjustment of our arrangements.

Q. There is \$30,000 at stake, you understand that do you not?—A. I gave him an order for \$30,000.

Q. Are you in the habit of dealing in \$30,000 orders without some consideration?—A. I considered that he was entitled to it under our arrangement.

Q. What was your arrangement under which he was entitled to \$30,000; let us hear that?—A. The only arrangement I had is what I have already said.

Q. Keep to McBain?—A. No, I do not remember.

Q. You do not remember the arrangement under which McBain was to get \$30,000; what took place in regard to settling the amount; did you just say "All right, McBain, here is a \$30,000 order for you"?—A. No.

Q. What did you say?—A. It was mutual agreement.

Q. What did you do or say?—A. We had other deals, this Canadian Car deal, and that was the deal that he felt as though he was entitled to some interest in, and under the joint working arrangement that we had I arranged to let him have \$30,000.

Q. I want to know what was said or done to fix the \$30,000?—A. I do not remember the details.

Q. How long ago is it?—A. Last December I think, November or December.

Q. That is about six months, and you mean to say here you cannot tell us the details or the general outline of how you came to fix upon \$30,000 as the sum?—A. We fixed it in the way I have already said.

Q. Why \$30,000? Why not \$25,000, or \$40,000, is what I am trying to get at if I can?—A. That was the amount we both agreed to.

Q. I want to know upon what basis you agreed to \$30,000, instead of \$50,000, or instead of \$10,000; that is what I want to get at, if you can tell me?—A. I have forgotten the adjustment in regard to that Canadian Car and Foundry contract; I have forgotten just how we arrived at that.

Q. Was it a large sum?—A. It would be somewhere about that amount, I presume.

Q. How did you arrive at the Canadian Car and Foundry Company amount?—A. I do not understand what you mean.

Q. You said you have forgotten the details of how you arrived at the Canadian Car and Foundry Co.; I do not understand what you mean yourself, but I am trying to get it unravelled if I can; how did you arrive at any amount in connection with the Foundry Company matter?—A. In the same way.

Q. But you are not telling me how it was done?—A. I do not propose to.

Q. Because you cannot?—A. No.

Q. Do you remember how it was arrived at in the Canada Car and Foundry Co.?—A. We had a great many people to deal with in the Canadian Car and Foundry Co.

Q. Do you remember how you arrived at the transaction between you and McBain in regard to that company, or do you not?—A. I do not remember.

Q. You cannot remember how you arrived at the \$30,000 with McBain at all?—A. Oh yes, that was an arrangement, that was an arbitrary amount fixed, \$30,000.

Q. Why fixed at \$30,000 instead of \$20,000 is what I am trying to get at; why not have given him \$50,000 for that matter; can you answer that?—A. I have already answered it.

Q. No, you have not. Can you tell me why you fixed \$30,000 instead of \$20,000 or \$50,000?—A. I do not remember the details, the conversation that took place at that time—

Q. Now, I am not asking you for the conversation; do not let us get away from each other.

Mr. HENDERSON: He said he fixed it in an arbitrary way.

[J. Wesley Allison.]

Mr. JOHNSTON: My learned friend will pardon me; I do not see any reason why he should interfere in my examination of this witness.

Q. I am not asking you the details of the conversation. I am asking you upon what basis, upon what principle you and McBain fixed this amount; that is all I want to know; was it purely arbitrary, or have you anything else to add to that?—A. Purely arbitrary amount.

Q. And it might have been any amount—an arbitrary amount fixed without any rhyme or reason, might have been any amount.

Mr. HENDERSON: He has not said it was without any rhyme or reason?—A. I did not say that.

Mr. JOHNSTON: I think I must ask for some little consideration—

Sir WILLIAM MEREDITH: You put a word or two there the witness did not say. It would be better if Mr. Henderson would not interfere, but that I do not think was out of the way, because it was really putting it as if the witness had said that.

Mr. JOHNSTON: I did put in rhyme or reason; that is colloquial. If Colonel Carnegie was in the box he would understand what I meant.

Hon. Mr. DUFF: That was your construction of arbitrary.

Mr. JOHNSTON: Let me ask him what he means by an arbitrary amount?—A. We had a lot of deals on in which there were commissions he was expecting and that I wanted to get too.

Q. Are they still outstanding?—A. Yes.

Q. The arbitrary amount could not have anything to do with the commissions outstanding?—A. Our Canadian Car deal was one of the matters that was discussed.

Q. Was that the only one that was in this arrangement of settlement?—A. That was one of the deals.

Q. Was it the only one?—A. No.

Q. What other deals were in this transaction?—A. He had quite a number of deals in Europe.

Q. Name one?—A. I have.

Mr. HENDERSON: I have tried not to interrupt, but there were many deals and there was a dispute between them which was finally adjusted in the way he says. Would any good purpose be served by going into their private affairs?

Mr. JOHNSTON: Where did this arrangement take place between you and Mr. McBain.

Sir WILLIAM MEREDITH: Which do you mean, the fixing of the \$30,000?

Mr. JOHNSTON: Yes.

WITNESS: New York.

Mr. JOHNSTON: About what time, do you remember, was it fixed?—A. Some time in November or December.

Q. You cannot fix it any nearer than that?—A. Some time the latter part of November or beginning of December.

Q. You gave an order, would the order show the date of the fixing of the amount?—A. I presume so.

Q. It would be about that time, whatever the order says. I will take another order and see what your memory is of it. I will take the one that was given to Major Stevens for \$10,000; how do you fix \$10,000 as the amount in the Stevens matter?—A. Just in the same way, an arbitrary amount.

Q. Arbitrary amount?—A. Yes; Major Stevens and I, I think we paid the Russian Government some \$10,000 for a gun, and we owed somebody else five or ten thousand dollars—

Q. Was there any discussion, any balancing of accounts or settlement or casting up of figures or anything to arrive at that \$10,000?—A. No.



Q. That gets rid of \$40,000 in a very quick way. Then we have another one here which is a bit larger, that is Mr. Lignanti, \$50,000; was that settled by correspondence?—A. No.

Q. Or was it settled in person?—A. In person.

Q. How long did it take you to settle the Lignanti claim?—A. Not very long.

Q. A few minutes?—A. I do not remember the length of time.

Q. Try and think; you know what took place I suppose in a general way; did it take you more than five minutes to settle the Lignanti claim?—A. Oh, I do not know; it may have been an hour.

Q. Did it take you five minutes to settle the McBain claim?—A. It may have taken an hour.

Q. It may have been one minute. Do not give a guess. I am asking you if you can tell me how long it took you to settle the Lignanti claim?—A. I do not know. We must have discussed it for some considerable time because we had a great many things to go over.

Q. What other elements or figures did you take into consideration besides the \$50,000 settlement when you came to that settlement?—A. What do you mean?

Q. What other figures did you discuss or put down on paper or elsewhere for the purpose of arriving at the \$50,000?—Was that also arbitrary?—A. I do not understand.

Q. Was that an arbitrary amount?—A. Mr. Lignanti has spent an awful lot of money, probably twice as much as that.

Q. I dare say, we have all spent a lot of money in our time?—A. In connection with this business, and he has done an awful lot of work.

Q. I am asking you how you fixed upon the \$50,000?—A. I fixed the \$50,000 just in about the same way as the others.

Q. Arbitrarily fixed; I mean there was no casting up of accounts on either one side or the other; you thought \$50,000 was all right and he accepted it, and that was the end of it, is that it?—A. Yes.

Q. Now we have got rid of \$90,000 in a very arbitrary way. We come now to a larger claim; may I ask you, without being at all offensive in my remarks, how old this young lady is?—A. 26 years old.

Q. And she has been living with you how long?—A. 24 years.

Q. She was about two when she came there?—A. Yes.

Q. What took place between you and her with regard to that \$105,000—anything?—A. Not a thing.

Q. You just simply gave an order?—A. She has been my secretary and had charge of all our affairs for many years.

Q. She could not have had for more than twenty four, you know?—A. No, ten years.

Q. For about ten years she has been your secretary, ever since she was about fifteen?—A. Yes.

Q. What conversation was there, or what led up to the giving of the \$105,000?—A. No conversation whatever.

Q. What took place after you signed or on the signing of the order—anything?—A. I do not understand what you mean.

Q. What conversation took place on the signing of the order?—A. With whom?

Q. The \$105,000?—A. I wrote it in Florida and I sent it to Mr. Yoakum.

Q. She was not there at the time in Florida?—A. Yes, she was there.

Q. Was there anything took place between you and her, or anything took place between you and anybody else when that order was given?—A. No.

Q. You simply signed it and sent it on to Yoakum?—A. I wrote the order myself and sent it to Yoakum.

Q. Did she know anything about it?—A. She certainly did after I sent it; I told her. Either Mrs. Allison or I told her.

Q. Where has the order been since that time?—A. Mr. Yoakum has it.

[J. Wesley Allison.]

Q. Why \$105,000? Was there any reason for that odd amount?—A. That is a personal matter.

Q. I am asking you if there was any reason for the odd amount, \$105,000?—A. Just a personal matter, I did not know how much I was entitled to, I did not know how much the expenses were Yoakum had been to, I did not know anything about it.

Q. How much was left for yourself after giving away these arbitrary amounts?—A. I do not know the amount, I have not figured it up at all.

Hon. Mr. DUFF: May I ask, does the witness mean to say that he intended to give the residue, whatever it was, he was entitled to?—A. I intended to give her all that I was entitled to.

Q. The residue?—A. Yes. I understand there is a balance over and above the \$105,000.

Hon. Mr. DUFF: I only want to get the meaning of the answer.

Mr. JOHNSTON: Apparently you were to get about \$220,000, and you gave about \$195,000 or thereabouts?—A. That has come out in evidence here; that is the only statement I have.

Q. I am calling your attention to the fact that that is so from the evidence we have heard here.. Just before I deal with some other matters, do you know how long the Edward Valve people had to complete their contract?—A. I forget.

Q. Eighteen weeks?—A. Yes, eighteen weeks.

Q. What you say is they wanted an advance of \$250,000, was that right?—A Yes, sir.

Q. For the period of their contract?—A. I presume so.

Q. It would not be for an indefinite period; the idea was that they should advance on that contract to be completed in eighteen weeks \$250,000?—A. An advance with the order.

Q. And the total of the order you got was 500,000 cases, was it?—A. The negotiations I had with them were for 300,000.

Q. Eventually?—A. That was General Pease; I had nothing to do with the negotiations after General Pease and Col. Carnegie came into it.

Q. Don't you know as a fact that 500,000 was the number eventually?—A. Yes, so stated here in evidence; I did not know it before.

Q. You say that the 4 cents per case was put on to meet the interest incurred in their banking by reason of their not getting \$250,000 cash advance with the order?—A. Yes.

Q. And have you made any calculation at all of that to see how that works out, or is that an arbitrary amount in your judgment?—A. I had nothing to do with it.

Q. Because I point out to you, if you can give me any explanation that occurs to you, that the interest on the money even at 6 per cent would be only five or six thousand dollars at the outside, and what they got in compensation for that was \$20,000?—A. General Pease made the proposition; I had nothing whatever to do with it—General Pease and Col. Carnegie.

Q. I am not asking you that; did it occur to your mind at all that that was hardly an equivalent reason for the increase of the four cents?—A. I did not go into it at all.

Q. You mentioned another matter I think towards the end of your examination in chief, that Craven got a certain sum of money; do you know anything about that, how he came to get that—\$30,000 was it not?—A. Yes.

Q. Do you know how he came to get that?—A. Well, Yoakum arranged to give it to him.

Q. Did that come out of your share and Yoakum's jointly?—A. Yes.

Q. In equal portions?—A. Yes, I presume so.

Q. Will you tell me as far as you know what Craven had done to get any compensation?—A. He had something to do with the matter in the beginning, I don't know just exactly how it was brought about; I know that he was with Yoakum and Bassick.

Q. Did you make any objection to the \$30,000 to him?—A. I don't remember whether we had any talk about it.

Q. How long ago was it?—A. I do not know when.

Q. About the time?—A. I do not know the date of the order.

Q. Would it be about the same time as these other orders were given?—A. I think it would be before that.

Sir WILLIAM MEREDITH: I did not understand there was any order for that.

Mr. HELLMUTH: No.

Sir WILLIAM MEREDITH: No order has been put in.

Mr. JOHNSTON: No.

Mr. HENDERSON: Charged up the expense?—A. Mr. Yoakum arranged that whole matter.

Mr. JOHNSTON: It may have been a verbal direction.

Mr. HELLMUTH: No.

Mr. JOHNSTON: No orders anyway.

Q. Do you know how the \$30,000 came to be paid to Craven?—A. No, I do not know just what took place between Mr. Craven and Mr. Yoakum.

Q. \$15,000 of that was your money, I mean when it was paid—it would come to you would it not?—A. Yes.

Q. Did you make any inquiries at all about that?—A. I do not remember. Mr. Yoakum spoke to me about it.

Q. What did he say?—A. He said in view of the other big contracts pending and the work Craven had done it might be well for us to consent to give him that amount.

Q. Was there any sum named as being asked at that time?—A. Mr. Yoakum would know, I do not.

Q. Do you know?—A. No.

Q. As far as you are concerned you do not know; do you know anything of the particulars at all of the transaction of the payment of the \$30,000?—A. No.

Mr. NESBITT: Or to be paid.

Mr. JOHNSTON: What I mean is to be paid out of an order—you understand I am not speaking of actual cash payment, because none of this was cash payment as I understand excepting a small amount?—A. Mr. Yoakum had charge of all these negotiations.

Q. Did he pay \$30,000 in cash, do you know?—A. I do not think so.

Q. That comes in with the rest of the orders?—A. He so stated here.

Q. And you have no reason to contradict that?—A. No, sir.

Q. Was that settled so far as you know in the same way, was the sum mentioned to you as \$30,000 by Yoakum or by Craven?—A. I think Mr. Yoakum mentioned it to me; Mr. Yoakum certainly spoke to me about it.

Q. At any rate you consented to the \$30,000. I ask you again how was the \$30,000 arrived at, because this is a rather marvellous division, it occurs to me, and I would like some light on it?—A. I do not know; Mr. Yoakum conducted all these negotiations with Craven.

Q. I know, but he was not dealing with \$15,000 of your money without consulting you, was he?—A. Yes, certainly.

[J. Wesley Allison.]

Q. I am advised—I stand subject to correction—that Mr. Yoakum said that was arrived at, because this is rather a marvellous division, it occurs to me, and it would be a good thing to do. Is that so? Have you any recollection of that at all?—A. I would not contradict Mr. Yoakum, it is possible he did. I know he telephoned me about it.

Q. I understand—subject to correction, of course, I may be wrong in what I am advised—but that is what I am told is the fact. Now, let me ask you a little about the formation of this Lignanti agreement, or undertaking, or understanding. Where was that made or understood?—A. What made?

Q. You don't listen to what I am asking you. The understanding or agreement with Lignanti that you had?

Mr. HENDERSON: Which one?

Mr. JOHNSTON: Any one; I do not care which one it is. They are all on the same basis.

Q. I am asking you if you can tell me when and where that understanding was arrived at about the division of course on these deals?—A. I presume it would be at my room in the hotel.

Q. Don't presume. Do you know anything about it?—A. It would be at my room.

Q. Do you recollect anything about it?—A. Yes, I sent an order.

Q. I am not speaking about the order. I am speaking of the deal, how you were to satisfy or pay each other out of the profits. You say there was not a partnership. But there was some verbal understanding or agreement, as my friend put it. You understood that, did you?

Mr. HENDERSON: Does my learned friend mean the original agreement?

Mr. JOHNSTON: I understand everything was verbal.

Q. When did you and Lignanti first come to any arrangement or understanding about any deal in which there was or might be a division of profits?—A. July or August of last year.

Q. July or August of 1915?—A. On any deals you mean?

Q. Any of the deals we have been talking about here. You mentioned several yourself.

Sir WILLIAM MEREDITH: Perhaps it would be better, Mr. Johnston, to ask him about the original arrangement he spoke of.

Mr. NESBITT: The first time they talked about commissions.

WITNESS: The Canadian Car deal, the spring of 1915.

Mr. JOHNSTON: That was the first time that any deal was spoken of between you and Lignanti in which there was to be a division of profits?—A. The first deal that was closed.

Q. That does not give me anything. I am asking when the first arrangement or understanding was made between you and Lignanti that you and he were to have some interest in deals.—A. After the Canadian Car Deal was closed.

Hon. Mr. DUFF: That was when?—A. The spring or summer of 1915.

Q. Is that as near as you can tell?—A. I have contracts.

Q. Within two months you can tell?—A. It would be some time in March or April when we settled Canadian Car matters.

Mr. JOHNSTON: Was it before or after that that this understanding was come to?—A. I gave him an order on the Canadian Car for a certain proportion of the profits that we were to get some time in March or April, somewhere along there.

Q. How long before that was it when you and Lignanti came to your understanding?—A. We didn't have any understanding.

Q. The whole thing came out of the winds? You must have had some understanding.—A. None whatever.

Q. You just of your own motion gave him an order for how much?—A. That is a personal matter.

Q. Not at all, sir. You are on your oath now. I want to see the reasonableness of your position.—A. If the Commission tell me I have to, Mr. Johnston, I will, but not otherwise.

Q. I should think the Commission might very properly tell you that it is germane to the questions I am asking.

Mr. HENDERSON: Does the Commission think it necessary to go into other dealings?

Mr. JOHNSTON: I am not going into other dealings.

Sir WILLIAM MEREDITH: Mr. Johnston, you will be fair enough I am sure, not to press any question unfairly that interferes with other transactions.

Mr. JOHNSTON: Quite so.

Sir WILLIAM MEREDITH: You ask the question in a general way. I am not saying that it is not proper, but is it quite fair to ask him what he paid to Lignanti in other deals? The only possible ground on which it could be put would be as affecting his credit. Of course, wide latitude is allowed in that.

Mr. JOHNSTON: You have heard the story. If only a few thousand dollars were involved one could understand it, but if a very large sum—

Hon. Mr. DUFF: Cannot you put it in some such way as that without asking him for the amount?

Sir WILLIAM MEREDITH: Was it a considerable sum?

Mr. JOHNSTON: I do not wish to run counter to the opinion of the Commission for a moment.

Hon. Mr. DUFF: I am not saying that. I am asking whether that really would not perhaps cover your ground.

Mr. JOHNSTON: Was it a large sum that you paid him or he paid you?—A. I didn't pay him anything.

Q. Do not let us stick to mere matters of form. It was intended to be payment for whatever it was worth?—A. Yes.

Q. It was not intended to have a string attached to it to pull it away at any time that suited you, he was to get it for whatever it amounted to?—A. Certainly.

Q. And it was a payment for something he had done?—A. He had done considerable work.

Q. It was payment for all he had done for you in these deals?—A. In connection with the deal.

Q. That was helping you. Was it a large sum you paid him?—A. I don't consider it was a very large sum, no.

Q. That is very indefinite. Was it a sum in the five figures like the other sums were, thirty thousand dollars, ten thousand dollars, fifty thousand dollars?—A. I will not state the amount.

Q. I am not asking you to state the amount. Was it a sum in the five figures?—A. It was a substantial proportion of the profits that we expected to get at that time.

Q. It was an order?—A. Yes, sir.

Q. Given on whom?—A. The Canada Car Foundry.

Mr. HENDERSON: I object to that.

Mr. JOHNSTON: He has answered.

Hon. Mr. DUFF: Really, Mr. Henderson.

[J. Wesley Allison.]

Mr. HENDERSON: I cannot see on what principle my learned friend has a right to go into a matter of that kind, a private dealing between the parties.

Hon. Mr. DUFF: Surely the principle is clear enough upon which Mr. Johnston is putting it. This witness says that without any understanding of any description whatever or any arrangement whatever he handed over a sum of money.

Mr. HENDERSON: He has not said that.

Hon. Mr. DUFF: Really, Mr. Henderson, will you allow me, if you please? He has said that.

Mr. HENDERSON: May I put it the way it appears to me he has said it?

Mr. JOHNSTON: Do not say so before the witness.

Hon. Mr. DUFF: It is just as well that you should not give your interpretation of the witness' words.

Mr. HENDERSON: I do not intend to.

Hon. Mr. DUFF: Then do not.

Mr. HENDERSON: I would suggest to the Commissioners that the way he has put his—

Hon. Mr. DUFF: You are behaving, you know, in a way that really I simply cannot have.

Mr. HENDERSON: I have stood here patiently surely without any interruptions. I am just going to suggest to my learned friend that there was a relationship between these two brokers which gave the right to mutual claims. I do not want to suggest anything to the witness, but the point which brought me to my feet is, that unless it goes to the question of credibility the cross-examination is obviously not fair.

Hon. Mr. DUFF: It obviously does go to credibility.

Mr. HENDERSON: I was going to suggest that my learned friend had carried it far enough.

Mr. JOHNSTON: That is for the Commission to decide.

Mr. HENDERSON: If it goes any further than credibility.

Mr. JOHNSTON: I have concealed the figures, which perhaps I have some idea of myself, out of deference to the suggestion of Sir William Meredith, and also to the suggestion of his brother Commissioner. I am not pressing that question, but I think I am adopting the suggestion made by the Commission as to the general statement of the amount.

Q. I am not asking you now to name the amount of money payable—to many people \$5,000 would be a lot of money, very considerable as you call it—I am asking now if the amount ran up to six figures.

Mr. HENDERSON: If it is greater than the amount we have had in question here.

Mr. JOHNSTON: No, if you will allow me to take my own course. I will not hurt the witness. You say it did not run to six figures. Did it run up to five figures?—  
A. I will not give it to you.

Q. Perhaps you will have to.—A. When I have to I will do it.

Q. I am asking you whether it ran into five figures.—A. This war business that you cannot—

Q. That has nothing to do with the war. It is only used as a cloak too often.

Mr. HENDERSON: That is very improper.

Sir WILLIAM MEREDITH: That is hardly proper.

Mr. JOHNSTON: Perhaps properly, I am not saying improperly, it is used by some.

The WITNESS: I would like to make a statement.

Sir WILLIAM MEREDITH: It is reflecting on some of your colleagues here.

Mr. JOHNSTON: My colleagues?

Sir WILLIAM MEREDITH: Your opponents.

Mr. JOHNSTON: Some of my own colleagues?

Sir WILLIAM MEREDITH: We have been getting on very peaceably for some time, I hope we will continue to do so.

Mr. JOHNSTON: I am not making any disturbance about it at all, but if you think I should not ask if it ran to the five figure limit and leave it at that, if that is not a very reasonable compromise to make with this witness on this question when we are considering the rest of his evidence,—if you think I should not press that I will not press it. That is all there is to it. For my part I think I am entitled to ask it. Indeed, I think I am entitled to ask the figures, but I am not doing that. A very considerable amount was owing. That is all relative, nobody can tell what it amounts to or means.

Mr. HENDERSON: You were asking the amount paid to Lignanti. I do not think the witness apprehends the force of the question. I do not think he really objects to answer. Do you follow what he means?—A. No, I don't know what he means.

Mr. JOHNSTON: You know what five figures mean?—A. Yes.

Mr. HENDERSON: That would mean ten thousand or more, that is all.

Mr. JOHNSTON: My learned friend should not interfere.

The WITNESS: There is litigation commenced over this matter and I don't want to make any statements in regard to it.

Mr. JOHNSTON: I am asking you this simple fact, did it run into five figures? You say less than six?—A. It is over ten thousand.

Q. You might as well have told me that at first.

Mr. HENDERSON: I do not think he appreciated the force of your question.

Mr. JOHNSTON: There is no doubt about that.

Q. That was done in just the same way. Now, any other sums in connection with this—

Sir WILLIAM MEREDITH: Do not drop that there. You say it was done in the same way. Let him tell.

Mr. JOHNSTON: I understood he was going to say an arbitrary sum.

Q. Do you say that it was an arbitrary amount, whatever it was? If not, perhaps you can tell us how it was arrived at?—A. Just an arbitrary amount.

Sir WILLIAM MEREDITH: What for?—A. For services and expenses that he had done in connection with helping Colonel Mackie and others in working this out here with the Canadian Car Company.

Mr. JOHNSTON: I do not think you could tell me what Craven had done. He got thirty thousand I think you said to my learned friend.

Sir WILLIAM MEREDITH: You went over that.

Mr. JOHNSTON: No, another matter, Dowler. It was in connection with the services that the Dowler matter came up.

Q. Was that included as part of his services?—A. No.

Q. Forbes. Who was Forbes? Didn't you say he was working with D. Forbes?

Mr. GRANT: No, Dowler-Forbes.

Mr. JOHNSTON: I took it down too much shorthand.

Q. Did you say he was working with Dowler, Forbes and Company to get them in? —A. McAvity and Sons and the Dowler-Forbes people had put in a bid through me to the Russian Government, and he had done considerable work in connection with it, and we were working on a rifle deal and a lot of propositions.

Mr. NESBITT: Is Dowler-Forbes a single name or two names?

Mr. JOHNSTON: Two names.

Mr. HENDERSON: Two names.

[J. Wesley Allison.]

Mr. JOHNSTON: Perhaps you will clear it up for me in this way, what this man Craven had been doing did not eventuate in anything for the fuse contracts at all so far as Dowler-Forbes were concerned?—A. Oh, no.

Q. That was a matter involving the Russian contract I think you said?—A. They were working on everything.

Q. Were they working on Canadian contracts too?—A. Yes, they were.

Q. Were they working on Canadian matters?—A. They had a bid in for fuses.

Q. But they did not get any work, did they?—A. I don't know—no.

Sir WILLIAM MEREDITH: Who are they?

Mr. JOHNSTON: Dowler-Forbes. They were the Courtenay Bennett people, were they not?—A. Yes, they used his name I think—what connection he had with them.

Q. Now, any of these people that you have been sharing up commission with, or agreeing to share it up with, and they with you, there is no definite arrangement or agreement of any kind naming figures or dates or particular contracts or anything of that sort, nothing of that kind in question, no letters, no documents, no writing?—A. You got them all before.

Q. I have not seen any yet?—A. The orders.

Q. I am not speaking of the orders, I am speaking about Lignanti, Craven and those other gentlemen, McBain and Stephens, the people that you were in with in regard to the profits, commissions, etc., or they were in with you—there is no writing of any kind is there?—A. We discussed these matters and settled them.

Q. I am not asking you that. Is there any writing?—A. I never had a contract with any of these people.

Q. You never had a contract with any of these people. Was it all just in the air to a great extent?—A. As all war contract business is.

Q. I am not asking you that. Were these contracts of yours all in the air, not in any concrete shape at all?—A. Yes.

Q. Very well. Now, let me ask you about matters a little nearer home perhaps. When did you first go over to the other side either at the instance or in the interests of General Hughes?—A. I never went over to the other side at the instance or in the interests of General Hughes.

Q. Never did anything over there at the instance or in the interests of General Hughes?—A. In Europe?

Q. No, I mean the United States.—A. The United States?

Q. Yes. We are talking about two different countries.

Mr. HENDERSON: We generally speak of the other side as Europe.

Mr. JOHNSTON: No.

Q. When did you first go to the United States at the instance or in the interests of General Hughes?—A. I live in the United States most of the time, Mr. Johnston.

Q. Then you do not go there at his instance if you live there?—A. I went over there to get prices on a lot of stuff for General Hughes, starting first in August.

Q. That is not answering the question?—A. 1914.

Q. Now, what was that about?—A. Machine guns, cartridges, horses, armour plate, shovels, automobiles—I cannot give—

Q. A lot of articles of that class?—A. I cannot give you a list.

Q. I do not want them all in detail. That is the class, munitions or war material that you went over to see about, is it? There was nothing at that time about fuses of course?—A. No, sir.

Q. That was, you think some time in August, 1914, did you say?—A. Sometime in August.

Q. Then what portion of your time was occupied in looking after this class of business for General Hughes?—A. I gave the greater proportion of my time in securing prices on various things and sent them to General Hughes.



Q. I am rather speaking about—A. I was not working for General Hughes or engaged by him.

Q. Let me put it a little more definitely. I am speaking now from August. Could you give me what proportion of your time was engaged in looking after, if I may put it that way, the interests of the War Office as represented by General Hughes or by the Shell Committee, I mean speaking about the Canadian bodies who had charge of it? Can't you give me an idea?—A. I don't understand just what you are getting at.

Q. Was half your time taken up?—A. I don't understand.

Q. On anything connected with the War?—A. Yes, my entire time was taken up with matters connected with the War.

Q. That is not my question. I am asking what proportion of your time was engaged in looking after the interests of the War Office represented through General Hughes or the Shell Committee here?—A. I didn't know there was a Shell Committee.

Q. Then leave it out. Through General Hughes.—A. I got prices on nearly every thing that occurred to me that would be of interest to the British War Office and sent them to General Hughes.

Q. What portion of your time was taken up in that class of work, half of it?—A. My entire time from that time until now has been given up to that, but not altogether to General Hughes.

Q. Quite so. You had some foreign contracts to look after and so on, and you were also in England once or twice, were you not? Now, in what capacity did you represent General Hughes if you represented him at all?—A. In no way, except as a friend giving him prices and keeping him informed.

Q. You were a sort of adviser?—A. Never in the world.

Q. Never adviser at all?—A. No.

Q. Then it would not be right to intimate that you were an adviser?—A. General Hughes does not require advice from me; he is too big a man himself.

Q. You mean perhaps that he would not take it, like most of us?—A. I am sure of that.

Q. You see, I do not want to repeat statements made elsewhere, but I want to know how far he was correct when he spoke of you as being his counsellor. I was using the word adviser because I thought that was a better word. What do you say to that?—A. I never knew General Hughes looked upon me as an adviser.

Q. As a counsellor. You know he made that statement in the House.—A. He never recognized me but as a very good friend.

Q. Quite so. But you know he made that statement in the House, that you were his counsellor.—A. You say so.

Q. I only say it from Hansard. If you want proof of it we can give it to you.—A. I don't want proof.

Mr. HENDERSON: Is my learned friend asking the question?

Mr. JOHNSTON: You say you were not his counsellor in the ordinary sense of his adviser.—A. I procured every bit of information I could in every way, shape or form, and always sent it to General Hughes, I always sent him anything I thought would be of interest.

Q. You gave him information?—A. In the prosecution of his great work.

Q. You did not give him any counsel or advice, you just let him take the information and act on it as he thought fit?—A. I don't know how General Hughes regarded it.

Q. No. As far as you were concerned, your action?—A. I don't know.

Q. You know what you did?—A. Yes.

Sir WILLIAM MEREDITH: Perhaps you could put it better if you asked him if he expressed any opinion to General Hughes, if you are getting to fine distinctions.

[J. Wesley Allison.]

Mr. JOHNSTON: Did you offer any opinion to General Hughes from time to time?  
A. I don't remember the conversations that took place from time to time, there were very many.

Q. Were there any written reports sent to General Hughes from time to time?  
A. I don't think so.

Q. Eh?—A. I don't think so.

Q. You reported verbally over the telephone?—A. Verbally or by telephone.

Q. That would be by telephone. No writings of any kind you think, no letters?  
A. There may have been a few letters, yes.

Q. That would have been in the early part of the story. Lately there were no letters written I understand. Would that be correct?—A. I don't think I have had any occasion to write any letters this year at all.

Q. I am not saying you did. But lately there have been no letters pass between you; at first I understand there were a few letters?—A. The usual correspondence.

Q. Quite so. I am not complaining of the correspondence.

Sir WILLIAM MEREDITH: What does he mean by usual correspondence, correspondence about business?

Mr. JOHNSTON: That was his position, examining and getting prices and so on.

Sir WILLIAM MEREDITH: He says usual correspondence. I do not know what he means.

Mr. JOHNSTON: Do you know what is meant by usual correspondence, witness?  
—A. I presume very often I have written General Hughes a letter on certain matters pertaining to the general condition of affairs, but there was no correspondence of a business nature that would be used as authority or anything like that for me to make contracts on, and I never made any contracts on.

Q. Let us see what the relations were. Did he not make you an Honorary Col. or something of that kind?—A. Yes.

Q. And you also had, which was quite a proper thing no doubt, a very strong letter of recommendation from General Hughes to go to Europe?—A. No, sir.

Q. What, never had one at all when you went over there?—A. From General Hughes?

Q. Yes. A. No, sir.

Sir WILLIAM MEREDITH: Are you quite right about the General's authority to make him a Colonel?

Mr. JOHNSTON: They seem to be easily made, that is all I can see. I do not know why.

Q. Now, devoting the greater part of your time, I understand you take the position that you were never paid for your services at all?—A. No, sir.

Q. Except what you made through commissions, if that was pay for your services. Is that the only pay that you ever got?—A. That is the only compensation.

Q. Yes, compensation. Who paid the expenses?—A. I paid them.

Q. They must have been very heavy?—A. Yes, more than I am going to get out of it.

Q. Did General Hughes ever say anything to you about your expenses being paid and some consideration or remuneration for your time, was that ever talked of between you?—A. General Hughes knew that I was working in Europe.

Q. I am not asking you that. A. Making contracts.

Q. No, I am not asking you that. I am asking you whether or not you and General Hughes had any talk about remuneration and payment of expenses?—A. Never any discussion as to the question of expenses at all. I think I asked General Hughes at one time—I am not quite sure about it but I think General Hughes would know—if he did not think that I should get a small commission on any business that

I should do with Great Britain as well as the other Allies, and he thought that I ought to have a commission just the same as other people were getting—small commission.

Q. Then you must have talked about it. Tell me when that was talked of?—A. I don't remember.

Q. I am not sticking you for a month or two months?—A. Sometime in 1914, I presume.

Q. And at that time as long as it was moderate he thought that you ought to get a commission the same as other people.

Sir WILLIAM MEREDITH: That is not right.

Mr. JOHNSTON: I am asking if that is so.

Sir WILLIAM MEREDITH: No, he mentions specific things he was to get compensated for:

Mr. JOHNSTON: Will you repeat it? What were you to be at liberty to take a commission for?—A. On anything that I made contracts for, the sale of material.

Q. For the war?—A. Yes.

Q. Sale to whom?—A. Great Britain, France.

Q. Anything else?—A. Yes, anybody.

Q. Canada?—A. No.

Q. Now, where did this conversation take place?—A. I don't remember.

Q. It was a very important matter. Surely you would remember that?—A. I don't remember. It may have been in Canada, but I am under the impression it was in England, I am not sure.

Q. That is near enough. That perhaps will fix the time. When were you in England?—A. In October.

Q. 1914?—A. November, December, January.

Q. Is that the year 1914?—A. 1914.

Mr. HENDERSON: And 1915.

Mr. JOHNSTON: In view of what the Commissioner called my attention to, will you tell me what was said if you cannot give me any nearer than that as to time. Tell me as near as you can what was said about these commissions, if any?—A. I have already stated there.

Q. I happen unfortunately to differ with his lordship's recollection of what you had in mind, and I am only trying to get it now from you in order that we may be both put right if either of us is wrong. Will you please tell me, Colonel Allison, what the conversation was as nearly as you recollect it?—A. I don't remember the conversation in detail, all I remember about it is he thought I was entitled to a small commission on whatever I had done outside of Canada—

Q. Yes.—A. As well as other people who were in the same business I was in.

Q. Did he know at that time that you were expecting commissions or were going to arrange about commissions?—A. He didn't know anything about it.

Q. No. Did you tell him?—A. No, I never told him.

Q. How did the discussion come up at all about commission if you did not speak about it, can you tell me that?—A. I don't remember just how it came up.

Q. I might suggest to you a way in which it could come up, namely, if you asked him if he thought it was all right for you to take commissions outside of Canada. Was that the way it came up?—A. Possibly.

Q. Is that the best recollection you can give me? Probably?—A. It is quite probable.

Q. And he approved of it up to a small commission. Was the amount mentioned at all?—A. Never.

[J. Wesley Allison.]

Q. In your judgment what was a small commission in view of that conversation?  
—A. It depends on what the article was.

Q. Might it be 5 per cent, might it be 10 per cent, might it be more?—A. It might be one-half of one per cent.

Q. Depends upon the quantity, I suppose, and the speed with which the matter would be adjusted and the commission paid; all these things would enter into it. Now, could you give me, in view of what General Hughes told you, what you would say would be a fair commission that you would be justified in charging? I will take your own word.—A. No, I cannot; it depends on the circumstances.

Q. Take the fuse contract, would you say about ten per cent on that?—A. I consider ten per cent a very small commission.

Q. Very well, you consider that a small commission.

Sir WILLIAM MEREDITH: Very small he says.

Mr. JOHNSTON: Very small.

Hon. Mr. DUFF: Having regard to the magnitude of the sum on which it was paid?—A. Yes.

Q. Having no regard?—A. You cannot base the amount of commission on this war business on the size.

Q. On the magnitude of the sum upon which it is based?—A. No, you cannot base it.

Mr. JOHNSTON: There was about ten per cent agreed to be paid on this fuse contract—a million dollars, not quite ten per cent?—A. It is all set forth in the evidence here.

Q. Never mind, you are one of the parties to it, and you know exactly what was agreed to be paid.—A. I paid no more attention to it, Mr. Johnston, than you did.

Q. Will you answer my question? You know to-day the amount of commission that is to be paid on that contract?—A. In percentage, no.

Q. One million dollars. Do you know that, or do you deny that?—A. I have heard it stated here in evidence.

Q. Do you mean to say that that is the first you knew of the million dollars after all that has taken place? Is that what you are swearing to?—A. The first I knew of the million dollars was when I saw it published after these—

Q. Charges?—A. Carvell-Kyte charges.

Q. Were made?—A. Yes.

Q. You did not know there was a million dollars when you agreed with this gentleman—what is his name?

Mr. HENDERSON: Yoakum.

Mr. JOHNSTON: Mr. Yoakum. You did not know that was a million dollar charge then?—A. No.

Q. No, you didn't know anything about it. You didn't even inquire did you?—A. No, sir.

Q. And you just went on taking whatever Yoakum chose to give you, although the contract was brought about largely through your means?—A. I was very much surprised when Mr. Yoakum told me how he had worked the thing out.

Q. I am not asking you that.—A. I am giving you the information.

Q. You were the man who brought about that deal largely?—A. I don't think so.

Q. You introduced the parties.—A. My job was to get the price down, which I did.

Q. And you brought the parties together really, it was you, was it not?—A. I introduced Mr. Yoakum.

Q. You brought them together. That is all I need say. Is not that so?—A. Yes, I brought them together.

Q. Very well, that answers the question. And you having brought them together in that way the first you heard of the million dollars was through Yoakum. Was that right?—A. No, sir.

Q. Through whom did you first hear of it?—A. Through the Press.

Q. That would be about what time?—A. I don't remember just when that was.

Q. Now, see if I am right, according to the best of your recollection, the Press, or the House, informed the public sometime in March of 1916?—A. That would be the time.

Q. And you had known from Yoakum long before that that there was a division to be made, hadn't you?—A. Between he and I, but not Cadwell and Bassick; I knew nothing about them. Why should I?

Q. I am not asking you that.—A. Why should he?

Q. Did he or did he not tell you?—A. There was no reason why Mr. Yoakum should tell me.

Q. Will you answer my question, because I want yes or no?—A. Mr. Yoakum did not tell me.

Q. He did not tell you what the amount was?—A. He told me the amount that he had.

Q. He did not tell you how that amount was made up?—A. No, sir.

Q. How you came to get \$475,000 to divide between the two of you and your friends, he didn't tell you that?—A. He told me he was getting somewhere about 19 cents or thereabouts.

Q. Will you answer my question, please? Did he tell you anything more than that he was getting \$975,000—.

Mr. HENDERSON: \$475,000.

Mr. JOHNSTON: \$475,000 for you and your friends.

A. He told me he was to get 19 cents or \$475,000.

Q. And that you understood was between you and him?—A. He told me so.

Q. Did you say you did not ask how much was being paid altogether?—A. I did not ask.

Q. You did not inquire a single thing into the question of commission on that occasion or on any other occasion; is that right?—A. No.

Q. You mean it yes, what I am saying is right, is it?—A. I didn't ask him that.

Q. You did not make any inquiry, it might have been two million as far as you knew or cared at that time?—A. Or ten million dollars.

Q. Now, commission you understand would very likely add to the cost of the goods made in respect of which the commission was payable?—A. It did not in this case.

Q. I am not saying in this case. As a rule it does?—A. No.

Q. The manufacturer does not allow for commission when he is tendering his price?—A. There are few manufacturers in the United States, I don't know of anyone who has ever made a sale who has not paid as large a commission if not larger than this.

Q. I am not quarrelling with that proposition. But if there was no commission the manufacturer would sell his article that much cheaper?—A. The manufacturer would not sell his article cheaper.

Q. If that was so, why did you write the letters to Dowler & Co. and Patterson & Co.?—A. That was a quite different thing.

Q. Why did you write to them if commission made no difference?—A. Because I wanted to relieve them of any idea that they would have to pay me any commission at all, because everybody in the United States dealing in war supplies understood they had to pay commission. I wanted to let Dowler, Forbes, and Patterson & Co., know that I should not be considered. Yoakum was a different proposition, he was undertaking a twenty million dollar odd contract and I never thought of a commission with Mr. Yoakum.

[J. Wesley Allison.]

Q. Just listen to this; "I want it distinctly understood that I do not want any profit added to the price under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody in connection with this matter."

Q. You did accept your share of \$475,000, part of this commission?—A. Yes. That is a different part of this commission altogether.

Q. I am not asking you that. You did accept it?—A. Certainly.

Q. Coming back to the conversation you had with General Hughes, is that all you can remember of it, that you gave me about commission?—A. Yes.

Q. You would call ten per cent under the circumstances a fairly small commission?—A. Many people consider it very small.

Q. But I am asking you for your opinion?—A. I cannot express any opinion upon that.

Q. Would you call 15 per cent on that contract a moderately small commission, taking the contract in all its circumstances?—A. I don't know.

Q. You are dealing in commissions on other contracts all the time are you not?—A. Yes. 15 per cent would be a high commission.

Q. You are dealing with contracts and commissions on other contracts—I am not asking for particulars, I am merely getting your knowledge of them?—A. Yes.

Q. And therefore that is the way in which you are paid—a gentleman in your profession or calling, that is the way you are paid, as a rule, by commission from one side or the other, either from the seller or the purchaser?—A. Yes.

Q. You were to get a commission on the Edward Valve Company business too, were you not?—A. Yes.

Q. If it went through?—A. Yes.

Q. Did you tell General Hughes you were getting a commission on that?—A. No.

Q. Did you tell him you were getting a commission on fuse?—A. No.

Q. Did you tell him you ever got it?—A. No.

Q. Why not?—A. Well, I presume I made a mistake in not telling him. But I did not think General Hughes was particularly concerned in my private work over there.

Q. Will you tell me how there could be any mistake if General Hughes was willing you should take a commission; how could there be a mistake?—A. I don't understand that.

Q. It is an easy question?—A. I don't understand it.

Q. I can ask a far harder one than that, if I try.

Mr. HENDERSON: Try, then.

Mr. JOHNSTON: If my learned friend will just keep his talk to himself for a little while, it will be better for all concerned.

Sir WILLIAM MEREDITH: He did not say very much.

Mr. JOHNSTON: He said enough to keep irritating one.

Sir WILLIAM MEREDITH: You are not irritated at all.

Mr. HENDERSON: All right, Mr. Johnston. I have been good for a long time now.

Hon. Mr. DUFF: You did ask a question that involved an assertion, Mr. Johnston.

Mr. JOHNSTON: I often do that, sir.

Hon. Mr. DUFF: You asked a question that involved an assertion that General Hughes did not object to his taking a commission. The witness spoke about a commission on business in Europe, but not on business here.

Mr. JOHNSTON: General Hughes thought you ought to have a small commission, that there was no objection to your taking a small commission?

Sir WILLIAM MEREDITH: Your question was on the assumption that this was not Canadian business.

Mr. JOHNSTON: Yes, sir.

Sir WILLIAM MEREDITH: Clear the ground up, then.

Mr. JOHNSTON: You rather suggested that you thought there was a mistake because you did not tell General Hughes?—A. If it has given any unfavourable impression with anybody.

Q. Let me get through what I was going to say. Why didn't you tell General Hughes, was the question I asked, and you said you thought you had made a mistake by not telling him. My question was, if he thought you were justified in taking a reasonable commission, or a fair commission, or a small commission? How could there be any mistake in telling or not telling him—that is the question, if you can answer it?—A. I don't understand it.

Q. Do you swear you do not understand that question; are you making that statement on oath, in your judgment?—A. I say that if any unfavourable criticism has arisen from my not telling General Hughes I am very sorry, but I don't think it concerns him.

Q. I am not asking you that. I ask you, is there any mistake if General Hughes is willing that you should take a small commission?—A. You know that.

Q. I don't know it. Answer it as it seems best to you; answer it in your own way, and not as I suggest. What do you say? You don't answer. Very well.

Mr. HENDERSON: He says he don't understand. Repeat the answer, what you mean by saying that it was a mistake?

WITNESS: What is that?

Mr. HENDERSON: Repeat what you said; what do you mean by saying that it was a mistake?—A. If it was giving out any unfavourable impression about my not advising General Hughes, I am very sorry I did not advise him. But I did not think General Hughes was concerned in a matter which was entirely foreign to my business.

Mr. JOHNSTON: Let me see how you draw the distinction between the Canadian and the British contracts. What do you say about that?—A. Anything that Canada purchased.

Q. Purchased for what?—A. For itself, for its use.

Q. Was it purchasing fuses for its use here in Canada?—A. No.

Q. You treat it as a British contract, do you?—A. Absolutely.

Q. What have you sold to Canada?—A. I have sold nothing to Canada except this pistol business, which General Hughes ordered himself. I sold nothing to Canada except the arrangement for bringing in the material which was ordered by General Hughes himself personally, and the transportation arranged for.

Q. You are not saying that General Hughes bought it himself; there has been nothing in all your dealings with General Hughes and the Militia Department here relating to Canadian contracts as distinguished from British contractors?—A. I have not purchased anything that I can remember for Canada at all.

Q. So that there is no occasion to distinguish between the two, so far as your commissions are concerned, is there? There is no occasion to distinguish between Canada and Great Britain as far as your commission is concerned?—A. I am not doing any business with Canada at all.

Q. That is what I understand, so I need not ask you anything further about that. Did you bring other people into touch with the Militia Department here, in regard to war matters?—A. Who made contracts in Canada?

Q. That resulted in contracts?—A. I don't know. I would not know that.

Mr. HENDERSON: You know of some.

Mr. JOHNSTON: My learned friend is suggesting to the witness again

Mr. HENDERSON: He does not understand the question.

WITNESS: The sale of material to Canada?

[J. Wesley Allison.]

Mr. JOHNSTON: Or the introduction of people, or anything else, in Canada?—A. Yes, I think so.

Q. Who is it?

Mr. HENDERSON: There is no objection to you mentioning the names of people in Canada.

Mr. JOHNSTON: Who is it?—A. The Colt Arms Company.

Q. Where do they carry on business?—A. In Hartford, Connecticut.

Q. I am speaking about people in Canada, for Canadian purposes only?—A. I don't understand.

Q. The question is plain enough?—A. I have nothing to do with Canadian business.

Q. You had nothing to do with the manufacturing end of it?—A. No.

Q. And you had nothing to do with the introduction of people in Canada beyond I suppose you had something to do with the introduction of Mr. Yoakum, for instance, the American Ammunition Company; you had to do with that, of course?—A. Yes.

Q. I am excepting that, and am taking the matter up apart from the American Ammunition Company?—A. I have introduced scores of people to General Hughes and various officers of the Militia Department.

Q. You mean you have introduced them as a matter of politeness or friendship?—A. That is all.

Q. I am not speaking about that. Did you have any communication with the Shell Committee?—A. Yes.

Q. When was that, or did it extend over a long period?—A. In July of last year.

Q. In July of 1915?—A. Yes. April, May, June and July.

Q. Of what year?—A. Of last year, 1915.

Q. And that correspondence or communication was regarding what?—A. Fuses and cartridge cases.

Q. That is, you communicated—

Mr. HENDERSON: He has not finished. Was there anything else?

WITNESS: Well, I sent prices on scores of things, telephoned them usually. There were no letters passed in regard to those prices.

Mr. JOHNSTON: You did have some correspondance, however, in the Spring months of 1915, down to July?—A. Yes. They are all in evidence here.

Q. I mean written letters?—A. Yes.

Q. I do not mean verbal communication?—A. No.

Q. That is what you mean?—A. Yes.

Q. And you say that what you wrote in that way is in evidence, as far as you know?—A. There may be some correspondence in the hands of Mr. Henderson yet.

Mr. HENDERSON: There are a few letters I have not yet been asked for. But I can tell my friends that there is nothing material in them; no business except these two things.

Mr. JOHNSTON: The principal correspondence, interviews or communications you had would be with the General?—A. No. I had considerable conferences, a good many with Colonel Carnegie or General Bertram. I called them on the telephone very frequently.

Q. Did you ever discuss the question of commission with them?—A. No, sir.

Q. They were, as I understand (perhaps you will correct me if I am wrong) responsible for the prices, as far as their end of it was concerned; Colonel Carnegie and General Bertram generally fixed the prices, did they not?—A. Well, I don't know as to that.

Q. Will you give me any instance, and what kind of prices you submitted to the Shell Committee; what were they?—A. That I do not remember; brass, copper and spelter.



Q. Did you know that Colonel Carnegie—I think I am right in saying this was the man who—No, General Bertram was the man who fixed the prices eventually?—  
A. I would not know that.

Q. This contract for instance with the American Ammunition Company, do you understand that that was fixed by the Shell Committee, the ultimate price?—A. I don't know who fixed that price.

Q. It was not fixed by General Hughes, was it?—A. I don't know that General Hughes had anything to do with the fixing of prices.

Q. I only asked you. If you don't know, say so?—A. I don't know.

Q. So that the only other people would be the Shell Committee, and you say you did not tell any of the other members of the Shell Committee that you were getting any share of commission on that deal?—A. What deal?

Q. The American Ammunition Company deal?—A. I did not know it at that time.

Q. At any time, you never told the Shell Committee?—A. No.

Q. You were not bound to tell them, according to your view that you were not entitled to charge this commission if you wanted to?—A. I did not charge it.

Q. Is that quite honest?—A. Absolutely.

Q. Who charged it?—A. Mr. Yoakum fixed it.

Q. If you had not taken your share it would not have been charged against the company—if you had abandoned it, written it off?—A. It had nothing to do with them.

Q. It was just done in that way, Yoakum said "There is \$475,000 commission, I give you practically \$220,000," and that was the end of it, you had nothing more to do with it than practically what I have said?—A. I had absolutely nothing to do with the negotiations in that transaction.

Q. That is, the commission transaction?—A. The commission transaction.

Q. Will you go so far as to say that you did not feel that you were much interested in that commission?—A. I was very much surprised when Mr. Yoakum told me that I was to get a commission instead of financing the whole thing himself.

Q. But there is a vast difference; there is no comparison in the two. However, let it go at that; did you at any time feel that you had an interest in any commission, if there was one going, in that deal?—A. I never thought of any commission in that deal at all.

Q. Would your opinion be now that if there was a commission going, you were entitled to a share in that commission?—A. It would depend upon the contract, who made it, and what I had to do with it.

Q. You had to do with the Yoakum business; you had an understanding with Yoakum that if there was a commission on that deal—A. It was not discussed.

Q. I am not asking you that?—A. But I am telling you that.

Q. If to-day was the first time you knew that there was any commission, and that Yoakum had \$475,000 to share up with you, you would think you were entitled to it?—A. Not to-day. Our arrangements are different.

Q. Well, during the continuance of your contract—you fence a good deal; let us get back to the question of commission?—A. No, I do not fence. You are trying to get some things out of me which don't exist.

Q. Take it the very day upon which you and Yoakum settled for your share of the commission; did you when you learned the facts then think and believe that you were entitled to a share in that commission? A. As he worked it out, yes.

Q. Then you were entitled to a share in that commission?—A. I think I was very fortunate.

Q. Did you ever tell anybody until this investigation began that you had got a share of that commission?—A. Yes, I gave an order.

Q. Up to that time?—A. I do not talk about my business.

Q. Did you ever tell anybody?—A. I do not remember.

[J. Wesley Allison.]

Q. Did you ever tell anybody in authority or give them a suggestion that you were getting a large amount of that commission?—A. What do you mean by authority?

Q. The Shell Committee, or anybody in connection with the Shell Committee?—A. I have already told you I had not.

Q. You had not. Now, why do you write this letter to Mr. Patterson—Rufus L. Patterson? You wrote a somewhat similar letter to him?—A. I wrote him a letter, yes.

Mr. HENDERSON: Page 1086.

Mr. JOHNSTON: Why do you say in that letter, "In order to let you understand and appreciate my position in connection with the fuse contract referred to in our various conversations, would say that I am particularly anxious to do everything that I can to aid you," and so forth. "At the same time I want my position clearly understood; that is, that I am doing my best to secure the very lowest prices for the Government." And further, "I want it distinctly understood that I do not want any profits added to the price of this under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept one."

Now, Mr. Patterson replies, and he is rather surprised; he does not know why it is necessary that you should write to him. Mr. Patterson was the international was he not?

Sir WILLIAM MEREDITH: Yes. He belonged to the International.

Mr. JOHNSTON: Yes.

Q. Then, the Dowler letter. "I want it distinctly understood that I do not want any profit added to the price under any conditions with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody in connection with this matter." That is at page 1083.

Now, you have accepted the commission?—A. An entirely different proposition.

Q. How is it different?—A. Very very different.

Q. Your saying so won't make it different. Why is it different?—A. Your asking it a thousand times doesn't make it any different.

Q. Why is it different?—A. Mr. Patterson is an old friend of mine, and I felt that he would think as everybody was expecting commissions—he would think that I would call upon him for a commission, and I wrote the letter as a matter of course without any reference to anybody else.

Q. And the same to Dowler?—A. No, it was different to Dowler. There was a great deal of talk around town, and I wrote him to cut off all relationship, in order to have nothing to do with him.

Q. You were then anxious for the American Company to get the contract, were you not?—A. No, sir, I was not. I wanted each of these people to bid without any thought of commission, the lowest price that they could possibly put in.

Q. Why did you want to cut off communication with the Dowler people?—A. That is a personal matter.

Q. You have stated it?—A. There was a good deal of talk about him having Sir Courtenay Bennett and other diplomats—

Q. Yes, backing him up do you mean?—A. Pulling wires and all that sort of thing.

Q. This is far away from my question. I am taking the two statements made in these letters, "I would not under any circumstances accept a commission of any kind from anybody in connection with the matter?"—A. Yes, that meant Dowler-Forbes and Mr. Patterson.

Q. It did not mean the American Ammunition Co.?—A. I never thought of it.

Q. Why do you take it now after you have made the statement? You made the statement that you never intended to take commissions from anybody under any circumstances?—A. Already explained.

Q. Already explained, no other explanation to give, is there?—A. No, certainly not.

Q. No, certainly not.

Mr. JOHNSTON: There is another matter that I wish to ask this witness about, but I am not quite prepared to ask it now. I do not wish to tire the Commissioners—

Sir WILLIAM MEREDITH: It is a bad thing to let lawyers get a fresh start, but I suppose you will promise to shorten it.

Mr. JOHNSTON: I will do better than that, I will shorten it.

Mr. HENDERSON: I just wish to say that the experience of the last day was that the witness was not physically fit the next morning. I hope this will not be the case this time, as he has had a week's rest.

Sir WILLIAM MEREDITH: He has braced up, and is probably better than he was when he started.

(The Commission adjourned at 5.20 p.m. to 10 a.m. Tuesday, May 30, 1916.)



# ROYAL COMMISSION.

TWENTY-FIRST DAY.

MORNING SESSION

OTTAWA, Tuesday, May 30, 1916, 10 a.m.

Examination of J. WESLEY ALLISON continued.

*By Mr. Johnston:*

Q. Mr. Allison, do you produce any bank books at all in connection with the contracts?—A. What contracts?

Q. You will have to speak a little louder?—A. What contracts?

Q. The fuse contracts, the commission contracts?—A. I have a bank book, but I have never received any money on account of fuse contracts.

Q. So that no bank book is necessary, as far as that is concerned?—A. No, sir.

Q. Do you produce any letter books in connection with these contracts?—A. I do not keep any letter books.

Q. Do you keep copies of letters?—A. Of some letters, but no letters on this matter. Everything I have I have turned over to Mr. Henderson.

Q. But your solicitor has not turned over everything to me, perhaps?—A. I don't know.

Mr. HENDERSON: I will turn over anything I have. I have given Mr. Hellmuth everything I have.

Mr. JOHNSTON: You say you keep copies of letters sometimes. What class of letters do you keep copies of?—A. Letters that I think are of any importance to refer to.

Q. Take for instance copies of letters you wrote to General Hughes?—A. No, I have no copies of any such letters.

Q. Or to the Shell Committee; have you any copies of those letters?—A. All I have I have turned over.

Q. If they are all in, that is all I want. I want your oath to the fact that all the letters you have, or copies, are turned over to your solicitor or to Mr. Hellmuth?—A. That is, on this subject.

Mr. HENDERSON: There are one or two not in. I will turn them over to Mr. Grant while you are examining Colonel Allison.

Mr. HENDERSON: Any letters to the Shell Committee or to General Hughes—generally, first of all?—A. I have never had a letter from General Hughes on this subject.

Q. Anything with reference to these contracts at all; have you any letters?—A. I turned over everything I have to my counsel.

Q. Do you remember Lloyd Harris?—A. Yes. I have met Mr. Harris.

Q. Do you remember seeing him in New York some time in May?—A. I met him in the rotunda of the Manhattan Hotel some time, he was talking to General Hughes one morning.

Q. Did you have any conversation with him, or he with you?—A. He merely asked me if I knew whether it would be possible for him to get some machine guns.

Q. I am more concerned with what he has sworn to himself. He says he spoke to you, and that you told him you were no longer interested in fuse contracts?—A. I have no recollection of that conversation. I have no recollection of any conversation of that kind on these contracts.

Q. You cannot swear whether that was said, or words to that effect were said or not?—A. I have no recollection of discussing the fuse contracts with him.

Q. Let me put it in this way, then. Will you swear one way or the other?—A. I have already said that I have no recollection of it.

Q. Will you please answer the question?—A. I am answering it, in my way.

Q. You will answer it in my way, if possible. Is your memory such that you cannot swear one way or the other?—A. I told you I never discussed the fuse contracts with Mr. Harris, to my recollection.

Q. Will you go further and deny that you ever discussed fuse contracts with Lloyd-Harris?—A. I don't think I have.

Q. Did you tell General Hughes about these two letters, one to Mr. Patterson and one to Mr. Dowler?—A. I sent him copies of those letters.

Q. Do you remember about what time that was?—A. Some time in May.

Q. About the beginning, or the end of May, 1915?—A. I don't remember. They are in evidence.

Q. But I am asking you (and I have the privilege of asking you the question the second time if necessary, so do not let us get to quarrelling so early in the morning as this) I am asking you whether you can tell me what time in May you sent copies of those letters or either one of them to General Hughes?—A. You will have to wait until I see.

Q. All right, we will wait. One is the 12th and one is the 14th.

Hon. Mr. DUFF: He did not understand the question.

Mr. JOHNSTON: What time did you send copies of these letters to General Hughes?—A. After I wrote them.

Q. You could not send them before you wrote them, of course. Do not be impertinent.

Sir WILLIAM MEREDITH: Do not put it that way.

Mr. JOHNSTON: I think it is rather trifling with his evidence, on his part.

Q. About what time, how long after they were written did you send copies to General Hughes—let me get at it in that way?—A. It would be immediately after.

Hon. Mr. DUFF: Are you saying that it was immediately afterwards?—A. I think so. I don't remember the circumstance.

Mr. JOHNSTON: There is another matter I wish to ask you about. You received, or were to receive \$25,000 from Yoakum; is that right?—A. I received—yes.

Q. You received \$10,000, and another \$10,000, and then there was \$5,000 left. Will you tell us, please, what services you rendered for that \$25,000?—A. What has that to do with this matter?

Mr. HENDERSON: Answer the question.

Mr. JOHNSTON: Is that your answer? I am content, if you want to leave it that way?—A. It was a negotiation which led up, and Mr. Yoakum and I discussed the

[J. Wesley Allison.]

question of the amount of money that I had spent on contracts I had in hand at that time, and it was arranged that he pay me \$25,000 as a bonus to offset part of the expenses.

Q. How long had you been engaged in incurring those expenses for which you got the \$25,000?—A. From the time I went into the business.

Q. When was that?—A. In August, 1914.

Q. Can you tell me what benefits Yoakum had received, from a business standpoint, out of your negotiations, entitling you to the \$25,000, or whatever sum it might be?—A. I don't understand what you are getting at.

Q. Never mind what I am getting at. Do you understand the question?—A. But I must understand what the information you want is.

Q. The information I ask is, what benefits Yoakum had received for which he paid you \$25,000?—A. Nothing, up to that time.

Q. What work did you do which would entitle him to pay you \$25,000?—A. On what?

Q. On anything?—A. Well, I am not going into these details. It would take six months for me to tell you.

Q. You cannot give me one of them?—A. Nothing pertaining to this inquiry.

Q. What?—A. Nothing pertaining to this inquiry.

Q. I am not asking you that. I am asking you to give me one of those deals, or one of those services which entitled you to get \$25,000?—A. We had a lot of deals pending, of which I am not going to give you any information—rifle contracts, shrapnel, and other deals that I wanted Mr. Yoakum to help me cut on.

Q. There was no harm in giving that answer, was there? I am not going into details, and I am not asking you for details. How long had you been engaged on those deals for which he paid you the \$25,000, or the bonus?—A. For some considerable time.

Q. That is no answer. Was it a month, two months, three months?—A. Yes, at least.

Q. At least two or three months—would that be a fair answer?—A. At least that time, if not more.

Q. I see in your examination the other day, as it is printed at page 1050, this:—

Q. Did you contemplate at that time, when these cartridges were to be purchased for England, for Great Britain, getting any remuneration yourself from the people who were selling?

Do you remember what answer you made to that question?—A. What cartridges?

Q. I am asking you a question Mr. Hellmuth put to you.

Sir WILLIAM MEREDITH: Get the context of it first.

Mr. HENDERSON: The question is, what answer did you make?

Hon. Mr. DUFF: He is asking your recollection of the answer, Colonel Allison?

Mr. JOHNSTON: I will have to go back a little. I will read from page No. 1049:—

Q. When you were getting those prices in New York, what arrangement, if any, did you make or suggest to the party or parties from whom you were getting the information as to your being remunerated?—A. Nothing, at that time.

Q. You obtained the information, or some information, I assume, didn't you?—A. I got prices.

Are you following me?—A. Yes, certainly.

Mr. JOHNSTON: Q. Did you come back and report?—A. I reported either by telephone or personally to General Hughes.

Q. That would be your telephone from New York?—A. Yes.

Q. Either personally by meeting him in New York or by coming here, which was it?—A. I did not meet him in New York.

Q. Then it was personally here?—A. Yes.

Q. Did anything come of that?—A. Yes, sir.

Q. What came of it?—A. The British Government made contracts for the purchase of cartridges.

Q. Through the people you had seen, or with the people you had seen?—A. Yes.

Q. Through the people you had seen or with the people you had seen the British Government made contracts for the purchase?—A. Yes.

Q. Was that shortly after you had reported?—A. It was some days after that, some time.

Q. But not months after?—A. No.

Q. And when those contracts were made, did you obtain any remuneration or commission from the people in the United States who had made those contracts?—A. Not at that time, no.

Q. Had you any arrangement at that time with them?—A. No.

Q. Did you contemplate at that time getting some remuneration or commission from the people who you had brought into touch with the War Office or General Hughes to supply cartridges; did you contemplate at that time—you said you made no arrangement—did you contemplate at that time remuneration to yourself?—A. On nothing that General Hughes would purchase for Canada.

Q. I am not dealing with that. These were not purchases for Canada, as I understand, or were they?—A. No.

Now this is the question:—

Q. That is what I am asking you. Did you contemplate at that time, when these cartridges were to be purchased for England, for Great Britain, getting any remuneration yourself from the people who were selling?"

I am asking you what your recollection is—according to your best recollection?  
—A. No, I did not, at that time.

Q. At what time did you contemplate getting any remuneration for yourself?  
A. I don't remember about the day at all.

Q. Give me the period of the year?—A. In 1914, some time.

Q. Some time in the fall, I would presume, one would naturally think. Is that right?—A. I don't remember.

Q. You have no idea of the time at all—because you see it is difficult to locate it without getting some idea of the time to identify really what it was you were doing. Did you later on—I will follow the question—get remuneration yourself from the people who were selling, at some future time?—A. Are you talking about fuses, or brass cases?

Q. I am talking evidently about a discussion about cartridges?—A. It does not appertain to this inquiry.

Q. I do not ask you any particulars of that?—A. I will give the information if the commission request it, but not otherwise.

Q. You refuse to give me any information upon that point, of your own motion?  
—A. Yes.

Q. You refuse?—A. Yes.

Q. We had better have it down as you say it.

Q. Now, did you know the price of fuses had been asked at \$4.90? Did you know that? That was the price the Americans were asking?—A. That was the lowest prevailing price along the latter part of April and the first of May.

[J. Wesley Allison.]

Q. Did you get a reduction of the price of fuses yourself?—A. I do not know what you mean.

Q. Did you get a reduction in the price of fuses yourself?—A. Mr. Yoakum—the various combinations, certainly.

Q. What part did you take in the reduction of the price of fuses?—A. Mr. Yoakum's combination—

Q. What did you do?—A. I saw everybody I could see in the business.

Q. Who did you see?—A. The Dowler people.

Q. Well, you shut them out, however, go on?—A. The Patterson people, General Drain—

Q. Yes?—A. And Mr. Yoakum.

Q. What were the prices they were asking at that time?—A. The prices prevailing at that time were \$4.90 to \$5.10.

Q. \$4.90 to \$5.10, and \$5.20, did you say, \$5.15, you dropped your voice and I did not catch it?—A. \$4.90 to \$5.10.

Q. What time was this, do you recollect what month?—A. April.

Q. Would it be correct to say that General Bertram fixed the prices of the fuses?—A. I do not know.

Q. Did you fix them?—A. No, sir.

Q. Did you know that in April they had made a fixed sum of \$4.50?

Mr. NESBITT: Who had?

Mr. JOHNSTON: The Shell Committee, Mr. Bertram.

Mr. EWART: That is not fair.

WITNESS: All I was concerned in was getting the price down at General Hughes' request. He thought it should be got down to \$4 or \$4.25.

Mr. JOHNSTON: Yes, \$4 or \$4.25. Did you know that back in April General Bertram had fixed the price at \$4.50?—A. No.

Q. Never heard of it, have you?—A. No, I didn't know anything about General Bertram.

Q. I am asking had you heard of it that General Bertram had fixed the price at \$4.50 back in April, 1915?—A. I knew nothing about General Bertram.

Q. Did you see General Bertram in reference to fixing the price for fuses?—A. No.

Q. Did you ever have any discussion or correspondence with him about the price to be fixed for fuses?—A. No.

Q. You had come in contact with General Bertram about the price of fuses in April or May?—A. No.

Q. Did you have any talk in the same period with Colonel Carnegie or General Bertram?—A. Any talk with General Bertram?

Q. Yes?—A. Yes, I had. I talked with General Bertram and Colonel Carnegie.

Q. About the price of fuses? You said no, but you can correct it if you wish?—A. I do not remember whether we discussed the price.

Q. You cannot say one way or the other? What is your best memory?—A. They were all working.

Q. What is your best memory, did you have any talk as to the price of fuses?—A. I do not remember the details.

Q. Give it to me generally, I will take the substance, I am not asking for detail. Can you recall any occasion when you and General Bertram and Col. Carnegie, or General Bertram or Col. Carnegie separately had any talk of any kind about the price of fuses?—A. Yes, I talked with Colonel Carnegie about the price of fuses every trip he made to New York.

Q. Was any sum mentioned with General Bertram or Colonel Carnegie?—A. I think they had them down to \$4.10.



Q. Did any talk take place?—A. Yes, they wanted to get the price down.

Q. Down to how much, did they tell you?—A. Down to something near what General Hughes thought they ought to be procured for.

Q. I am not asking that. Did General Bertram ever get below \$4.50 in his talk with you?—A. There was no reason for General Bertram talking with me.

Q. That is not an answer?—A. He was talking to the manufacturers.

Mr. HENDERSON: He has not said that General Bertram talked to him about the prices.

Mr. JOHNSTON: Did he have any talk with you about price at \$4.50?—A. I do not remember.

Q. Did he have any talk with you, or did Colonel Carnegie talk with you about a lower price than \$4.50?—A. Colonel Carnegie was working night and day to get the price as low as possible.

Q. I am asking if he talked to you about it?—A. Of course he spoke about the prices.

Q. What price did General Bertram or Colonel Carnegie give you?—A. Oh, they never fixed the price with me.

Q. I mean in talking with you, talking to you about it? Have you any recollection of that at all?—A. I do not remember the conferences that took place.

Q. You do not remember?—A. I do not remember the details.

Q. Do not run away on the details, I am asking if you have any recollection generally on that point?—A. I have already explained.

Q. Eh?—A. I do not remember.

Q. You do not remember.

*By Mr. Carvell:*

Q. Can you tell me how it was as far as you know that Colonel Carnegie called upon you to see if something could be done regarding cartridge cases?—A. I do not understand, sir.

Sir WILLIAM MEREDITH: Perhaps you had better get a little nearer.

Mr. CARVELL: I will go around.

Mr. JOHNSTON: I cannot hear him even here.

Mr. HENDERSON: Try and speak out a little more distinctly.

Mr. NESBITT: There must be something in the atmosphere over there.

Mr. CARVELL: Can you tell why it was that Colonel Carnegie called upon you to see whether you could furnish cartridge cases or not?—A. No, I do not remember the circumstance that led up to his speaking to me about it.

Q. It would seem from the correspondence that Colonel Carnegie wrote you a letter asking you I think if you could find manufacturers who could furnish from two to three hundred thousand 18 pr. cartridge cases. Please think a moment and see if you can recall anything leading up to that?—A. No, I do not remember.

Q. Had you ever had any previous correspondence with Colonel Carnegie or the Shell Committee or anybody in authority in Ottawa about cartridge cases?—A. I do not remember having had any correspondence previously.

Q. Had you ever made any investigations in the United States as to purchasing cartridge cases prior to this?—A. Yes, sir.

Q. Had you made any report to any person?—A. You mean for Canada?

Q. Yes?—A. No, not for Canada.

Q. Not for Canada, no. What report had you made then?—A. I had had options on cartridge cases that were offered to Great Britain.

Q. But they were not available for Canada?—A. If they wanted them at that time, that was at the beginning of the War.

[J. Wesley Allison.]

Q. Did you make any reports to that effect to the Canadian authorities?—A. Oh yes.

Q. To whom?—A. General Hughes.

Q. Have you a copy of that report?—A. I did not give a written report on anything.

Q. You never reported to General Hughes in writing at all?—A. No.

Q. You did not particularly report to General Hughes in writing re cartridge cases?—A. No, I do not think so.

Mr. HENDERSON: Speak out. A. No.

Mr. CARVELL: Do you remember what was the price you gave General Hughes verbally?—A. In 1914 I procured a price of \$1.80 I think it was.

Q. See if you recognize this as your handwriting. Never mind the rest of it, I am just asking you to look at that one document.

Mr. CARVELL: Messieurs Commissioners, this witness must behave himself.

Sir WILLIAM MEREDITH: Yes.

Mr. HENDERSON: Just a minute.

Sir WILLIAM MEREDITH: That is in now, you must hand it to the counsel.

Mr. CARVELL: Do you recognize that as your handwriting?—A. I sent that telegram.

Mr. HENDERSON: I would like to see that.

Mr. CARVELL: I am going to offer it in evidence, if Mr. Henderson wants to see it.

Mr. HENDERSON: Thank you very much.

Mr. CARVELL: I never understood that counsel had a right—

Mr. HENDERSON: It is purely a matter of courtesy. If my learned friend does not care to extend the courtesy he does not need to.

Mr. CARVELL: A few moments ago some documents were handed to Mr. Grant and I attempted to peruse them and they were taken out of his hands.

Mr. HENDERSON: That is not a fact.

Sir WILLIAM MEREDITH: These recriminations are of no use to anybody.

Mr. HENDERSON: But these charges are not based on fact.

Sir WILLIAM MEREDITH: You have already said that. Surely the rest of you can keep the peace.

Mr. CARVELL (reading telegram): "September 24th, 1914. Colonel Honourable Sam Hughes, Minister of Militia, Valcartier Camp, P.Q., Canada. Have option on all brass cases for 18 pounders that can be manufactured in this country until end of 1915 price \$1.85 each (stop) How many can E use (stop) France ready to order four hundred thousand following your requirements will take manufacturers ten months to make two hundred thousand (stop) Griffiths of Montreal trying to purchase.—J. WESLEY ALLISON.

(Marked Exhibit 318.)

You say that report was made to the Minister and in writing too, was it?—A. I presume so, I do not know whether that telegram was sent or not.

Q. You don't?—A. It is possible that it was.

Q. Do you change your statement made a while ago that there were no reports in writing?—A. I had no recollection of sending that telegram.

Q. I am trying to refresh your memory.—A. I thought that I sent that cable to London to General Hughes instead of here. What is the date of that?

Q. The 24th of September.

Mr. HENDERSON: Perhaps if Mr. Carvell would tell the witness where he got the document it might help his recollection.

Mr. CARVELL: Yes, I am very glad to do so. I got this document and a whole bagful from John R. Rathom, of the Providence Journal, a man who has done more to disturb the German propaganda than all the other agents in the United States. I got a lot of documents from the same source, and I hope to be allowed to examine this witness upon these documents. I know you have been suffering for a long time wondering where I got some of my information. I am only too happy to let you know.

Sir WILLIAM MEREDITH: Let us get on with the evidence if you please.

Mr. CARVELL: Had you received any communications from General Hughes or any person in authority in Canada regarding cartridge cases until you received a communication some time in the month of July last which resulted in the contract with the Edward Valve people?—A. I do not remember.

Q. That is the best you can say, is it? When you received the letter from Mr. Carnegie had you any person in mind at that time, or any person under option from whom you could purchase those cartridge cases?—A. No options at all.

Q. You got the letter from the Shell Committee or Colonel Carnegie and started out to see if you could furnish the goods?—A. Yes.

Q. Who did you go to first?—A. I do not remember. The representatives of nearly every concern that was represented in New York was calling on me all the time; I do not remember who the individual was.

Q. Couldn't you remember the firms?—A. I remember the North American Copper Company I think it was.

Q. Did you get a quotation from them?—A. Yes, I think so, their representative.

Q. What was the first price you quoted to the Shell Committee for these cartridge cases?—A. The price they wanted I think was \$2.10, but I was unable to procure them.

Q. Yes, and you came back with another price. What was that?—A. I am not sure, but I think it was \$2.30.

Q. Did that \$2.30 include the 4 cents commission for you or any other person?—A. There was no 4 cents figured in it at all.

Q. When was the 4 cents added in?—A. In what?

Q. In the price. Mr. Yoakum says there was 4 cents commission?—A. That was Mr. Yoakum's arrangement, not mine.

Q. You said when you returned the price of \$2.30 there was no commission in it. When were the four cents added?—A. I do not know what you are talking about. Are you talking of the Edward Valve contract?

Q. I certainly am, because I have referred to the fact that Colonel Carnegie wrote you and said he wanted them at \$2.10. You wired back at \$2.30. Now I am asking you if you were including any commission in that and you say no. Now, when was the four cents added in the price?—A. I do not know, I only knew it after the contract was closed with them by General Pease.

Q. Then, as I understand it, you received the business in a way from the Shell Committee, or it was through you that the business was obtained; you handed it over to Mr. Yoakum, and Mr. Yoakum added the four cents. Is that correct?—A. I do not know how he arranged that.

Q. Haven't you learned here in evidence that four cents were added to the price as commission?

Mr. EWART: Subject to correction, that is not the word—

Sir WILLIAM MEREDITH: Nobody has said that.

Mr. CARVELL: I am sure that Mr. Yoakum said that.

Sir WILLIAM MEREDITH: Not at all, he said that four cents was added on account of the change in the contract.

Mr. HENDERSON: Mr. Yoakum's story tallies with Colonel Carnegie's, and so does that of this witness.

[J. Wesley Allison.]

Mr. CARVELL: I was taking it for granted, however, I will look it up and if there is any dispute about it I will not pursue that branch.

Q. Did Mr. Yoakum ever tell you that there was four cents commission in this Edward Valve contract?—A. After he had closed the contract.

Q. Exactly. Yoakum told you that there was four cents commission in the price of \$2.43?—A. I have already stated that—

Q. All right, state it again.—A. No.

Q. I think you will, with all due deference. We will get along very much better if you will only answer the questions. How long after the contract was closed was it?—A. I do not remember the time.

Q. How long after the contract was closed was it that Mr. Yoakum told you of the fact that there was four cents commission added in the price?—A. Sometime after.

Mr. EWART: Excuse me, that is not fair.

Mr. CARVELL: The witness has sworn it twice.

Sir WILLIAM MEREDITH: You put that in. You said: "Added to the price."

Mr. CARVELL: I said included in the price.

Mr. EWART: The price was fixed and Mr. Yoakum was to get a commission from the vendor.

Hon. Mr. DUFF: We are not discussing Mr. Yoakum at all. Mr. Carvell is asking the witness a question relating to a previous answer that he made. I think these constant interventions do not help.

Mr. EWART: My lords, subject to your lordships' discretion, we must interrupt when we think a question is unfair. We would not be performing our duty to our clients if we did not do so. Of course I am subject to your lordships' rulings, but I must be reprimanded not for interrupting—

Hon. Mr. DUFF: I must say that I think a great deal of the intervention appears to be on very trivial grounds.

Mr. EWART: If your lordship would be good enough to indicate, then we will withdraw it.

Hon. Mr. DUFF: I do not intend to indicate any further. We will have to draw the inference.

Mr. HENDERSON: Your Lordship saw fit to reprimand me very severely yesterday, and I simply want to ask this as a matter of procedure: Has a counsel the right to say to a witness that he has already stated something which the witness has not stated and insist upon repeating that statement to the witness. If that is the procedure in this particular Court, if we know it we will be able to conduct ourselves accordingly.

Mr. CARVELL: I have tried so far to conduct myself in the proper manner and if I have made a statement of fact that is not correct, I did not do so intentionally.

Now, I am referring to page 973 of the evidence. This was the evidence of Benjamin F. Yoakum:—

"By Mr. JOHNSTON: Q. I want to get a little information, Mr. Yoakum, on the question of the Edward Valve Company agreement. Were you in New York some time in July when the agreement was produced, or a proposed agreement of the 9th of July between the Edward Valve Manufacturing Company and the Shell Committee?—A. I was in New York when the order was placed with the Edward Valve Company.

"Q. Perhaps you can explain (it may be very simple as you know the facts) to me the effect of that agreement, which I see was put in as an exhibit; or this provision of the agreement: 'The price of said cartridge cases shall be \$2.39 per cartridge case in lawful money', and so on. Do you know how that came to be put in there?—A. No. The price was \$2.39 net, that is, the four cents made up four cents I get."

I think I was justified in including that four cents in the \$2.39. Then Mr. Yoakum explains that the price of \$2.43 was on account of interest. Therefore, the first price of \$2.39 included the four cents to Mr. Yoakum.

Mr. HENDERSON: In the answers immediately following that Mr. Yoakum explained that and made it clear.

Mr. CARVELL: That the additional four cents after that was added on for interest.

Mr. HENDERSON: No.

Hon. Mr. DUFF: I understood that you were examining this witness as to his understanding, not as to what Mr. Yoakum said at all.

Mr. CARVELL: Now, we will proceed, and I think if they let us alone we will get along all right. Mr. Yoakum told you that there was four cents commission in those cartridge cases, of which you were to get half, is that right?—A. Yes, some time after the contract was closed.

Q. And I think you say that unfortunately up to the present time you have not received anything on that?—A. No.

Q. Did you realize that that commission whatever it might be, and at that time you expected it, was the result of your negotiation with the Minister of Militia for Canada?—A. No.

Q. Having sent this written statement to the Minister as to what you could do with cartridge cases—A. He had nothing whatever to do—

Q. Just wait a moment. And having received an order from the Shell Committee for these cases you still considered that had nothing to do with Canadian business. Is that your contention?—A. I do not understand the question.

Q. Having corresponded with the Minister of Militia and having sent that report, and having received this order from the Shell Committee, do you still content that this was not Canadian business?—A. Yes.

Q. And you content that it was British business, and therefore you had a right to take commission?—A. The whole thing was British business.

Q. That is your contention?—A. Yes, sir.

Q. And so long as it was British business, in pursuance of the arrangement you had with the minister—A. I had no arrangement with the minister.

Q. Perhaps I did not state that quite fairly, but you had the permission of the minister to take small commissions?—A. No, I had no arrangement with the minister. What would the minister have to do with it?

Q. I am asking you. Didn't you say yesterday that the minister saw no objection to your taking small commissions on British business?—A. I never had any understanding with the minister at all.

Q. Why did you tell this Commission yesterday that the minister told you that he saw no objection to you taking small commissions on British business?—A. Yes, but I am talking about these things here.

Q. You went to the minister and he said that you had permission to take 2 cents on each cartridge case, but as a general thing?—A. Never discussed it, but it was referred to once in a conversation.

Q. That is the conversation to which you referred yesterday, isn't it? Isn't your memory good enough to remember what took place yesterday?—A. What I said yesterday is correct.

Q. You still stick to that?—A. Yes.

Q. What did you say yesterday about that question of commission?—A. If I remember it, I said I spoke to the minister at one time and asked him if he thought that I should take a small commission on business I might do with Great Britain.

Q. Yes?—A. He said he did not see any reason why I should not take a small commission for business that I did.

[J. Wesley Allison.]

Q. Then having that in view, as you considered this Edward Valve business British business, therefore you considered that you had a right to take a small commission?—A. I didn't discuss commission at all.

Q. What I am asking is, as a result of the former discussion did you think you had a right?—A. The Edward Valve matter—I had nothing to do with him about it.

Mr. CARVELL: Messieurs Commissioners, I do not think this witness is as obtuse as he makes out.

Hon. Mr. DUFF: We can draw our inference, don't you think. There is a good deal of unnecessary fuss about the question and the form of answers. I think some people imagine that the Commission arrived from the moon last week, judging from the fuss that is made over this thing.

Mr. CARVELL: I won't pursue that any further.

Q. Do you know a man named A. H. Seyfort?—A. Yes.

Q. Where is he now?—A. I do not know.

Q. When did you first meet him?—A. In 1914.

Q. What time approximately?—A. I do not know, some time in the spring of 1914.

Q. Then it was before the war?—A. Yes.

Q. Was he in your employ at any time?—A. Yes.

Q. In what position?—A. Secretary.

Q. Private secretary?—A. Secretary.

Q. Was he secretary or private secretary?—A. Secretary.

Q. Look at this document and see what that says (handing a file of documents to witness, who looks at other documents on the file); never mind the rest of them, Colonel. Have I got to separate all these files?

Hon. Mr. DUFF: I think you had better separate them.

Mr. CARVELL: I think I will.

Mr. HENDERSON: Obviously these are papers which belong to the witness and have been irregularly taken from him, and naturally he wants to see his own property when it comes back.

Mr. CARVELL: You applied that old gag one stage too far.

Mr. HENDERSON: Not at all. These are stolen papers.

Mr. CARVELL: Those are not Allison's papers at all. My friend is labouring under a disordered mind.

Sir WILLIAM MEREDITH: Has the witness identified that document?—A. I have never seen it before.

Q. Is it the signature of A. H. Seyfort?—A. I am not sure as to that, I did not look at the signature.

Mr. CARVELL: I want you to look at that again. Here is a document which is signed A. H. Seyfort, private secretary to Colonel Allison; I want you to look at that again and say if you do not know that that is Seyfort's signature?—A. It looks very much like it.

Q. Do you believe it to be his signature?—A. It looks very much like it.

Q. Do you believe that to be his signature?—A. It looks very much like it. I have not anything here to compare it with. It looks very much like his signature.

Q. Does it look enough like it so that you can say you believe it to be his signature?—A. It looks like it.

Mr. CARVELL: That is as far as you can get with this fellow.

Mr. HENDERSON: I ask if that remark is proper, "That is as far as you can get with this fellow".

Sir WILLIAM MEREDITH: I did not hear that remark.

Mr. CARVELL: How long was this Seyfort in your employ?—A. Four or five months.

Q. Commencing when?—A. In October.

Q. Of 1914?—A. Yes.

Q. Could you state what time in October? Was not he in your employ in September, 1914?—A. No, I think it was in October.

Q. Where did he go first after he was employed by you?—A. He went with me to New York, then to London.

Q. Was he not at Morrisburg?—A. He was there a few days, but he was not my secretary then; he was working on another matter of his own. I can get the exact date.

Q. I want your best recollection?—A. It was some time in October, I think; I can get the exact date.

Q. He remained with you, you say, for four months, was it?—A. Four or five months.

Q. He went to London with you?—A. Yes.

Q. And was your secretary, I do not say private secretary, but you will say he was your secretary in London?—A. Yes.

Q. When did you leave Canada for London, or leave New York?—A. I am not sure whether it was the 13th or 14th October, 1914.

Q. When did you arrive back in New York?—A. The 4th or 5th February, 1915.

Q. During all this time was Seyfort in your employ as your secretary?—A. Yes.

Q. And wrote letters at your request, under your instruction?—A. Letters that I dictated to him, yes.

Q. Have you seen him sign letters and sign his name to them?—A. I signed all my letters; I don't remember of seeing him sign his own letters.

Q. Did he ever sign your name to any letters?—A. Not that I know of.

Q. And if I should produce one of that kind, would you say it was contrary to your instructions that it was done?—A. I would be surprised if he did.

Q. What were you doing when you were in London generally?—A. I was getting prices and offering material, trying to make contracts.

Q. Were you trying to pull down the prices to Britain and her allies, or to build them up?—A. I was trying to get the lowest prices I possibly could.

Q. Now, I have another letter here—

Mr. HENDERSON: Will you let me see the last one?

Sir WILLIAM MEREDITH: The last letter is not in.

Mr. HENDERSON: It was shown to the witness.

Mr. CARVELL: Yes, certainly. (Hands letter to Mr. Henderson.)

Q. Look at this letter and tell me whether or not—

Mr. HENDERSON: These are to Col. Morgan.

Mr. CARVELL: Look at this letter and tell me whether or not that is your name signed by Mr. Seyfort, and whether you authorized the writing of that letter?—A. I do not know anything about it.

Mr. HENDERSON: Let me see that one; it has been shown to the witness.

Mr. CARVELL: When I am dealing with a gentleman like you I have to stand on my legal rights.

Sir WILLIAM MEREDITH: Cannot you let him see it as a matter of courtesy, not as a matter of right.

Mr. CARVELL: All right. (Hands letter to Mr. Henderson.)

[J. Wesley Allison.]

Mr. HENDERSON: I am not asking for any courtesy.

Sir WILLIAM MEREDITH: Now, you are getting along peaceably, and you have got it.

Mr. CARVELL (To Mr. Henderson): If you want to get along nicely I can do it; but if you want the other kind you can have all you want of it.

Mr. HENDERSON: May I ask the Commissioners to look at these two documents—

Hon. Mr. DUFF: They are not proved; he says he knows nothing about it.

Mr. HENDERSON: May I ask the Commission to look at these letters and say whether the time of the Commission should be taken up showing the witness such documents as these.

Sir WILLIAM MEREDITH: We cannot stop the inquiry. I think there is really more time taken up in discussion.

Mr. HENDERSON: These are being handed to the witness in order to convey the impression in some way or another that they are in some way discreditable.

Sir WILLIAM MEREDITH: That is only your mental attitude.

Mr. HENDERSON: Not at all, but there must be some object in showing the documents to the witness.

Sir WILLIAM MEREDITH: Wait until the time comes; there is no harm done now.

Mr. CARVELL: I want to read one clause here; do you think I ought to do that?

Hon. Mr. DUFF: The document has not been proved.

Mr. JOHNSTON: State it, it is not so—

Mr. CARVELL: I do not want to do anything not according to the rules of evidence.

Hon. Mr. DUFF: But you know what happens these things that are read; if they stop here it might be all right.

Mr. CARVELL: In view of the importance of this last paragraph as to the cutting down of prices, look at it again and say do you recognize that as having been signed by Seyfort?—A. I do not know whether he signed it or not.

Q. Whose name is at the bottom of the document?—A. Somebody has signed my name.

Q. It is not your signature?—A. No, sir.

Q. The letter is written from London, it is dated London, is it not?—A. Yes.

Q. The Savoy?—A. Yes.

Q. That is where you stopped?—A. Yes.

Q. And to whom was it written?—A. It is written to Colonel Morgan of New York.

Mr. HENDERSON: Can my friend prove the contents of a document in that way by asking the witness to read it? He is asking to whom it is written. If he can ask that he can ask more.

Mr. CARVELL: I am making a little progress, not much?—A. I do not know anything about that.

Q. And still you do not know even who signed that name?—A. It is initialled apparently by Seyfort; I don't know whether he signed it or not. His initials are not the same as the other.

Hon. Mr. DUFF: Do you recognize that as his handwriting?—A. No. The initials are different to what they are on the other.

Mr. CARVELL: Are they his initials?

Sir WILLIAM MEREDITH: You mean in his handwriting?—A. No, it does not say so; it says "A.H."



Mr. CARVELL: "S."—A. But the "A" is entirely different to his signature on the other.

Q. Now, do you think that is not written by Seyfort?—A. I do not know.

Q. And you have no opinion whatever as to whether that document was written by Seyfort or not?—A. I have not.

Hon. Mr. DUFF: Had not you better ask him this question—if you don't I shall—whether he can say or not that he authorized a letter with such a paragraph as that in it?—A. No, sir.

Q. That is you mean to say, you can say, you did not authorize such a letter?—No, sir, I did not authorize that letter at all.

Q. Do you know I think it is H. G. Morgan?—A. Yes, I have met him.

Q. When did you first meet him?—A. I think it was in September 1914, the latter part of September.

Q. Where?—A. I met him in Ogdensburg I think first.

Q. And did you then meet him in Ottawa?—A. I may have, I do not think so.

Q. Who brought you in communication with Col. Morgan?—A. I think he wrote me a letter asking for an appointment.

Q. Did Mr. Seyfort have anything to do with bringing you together?—A. I don't think so.

Q. Did you meet him in Ottawa in company with the Minister, that is the three of you together, about that time?—A. I don't remember of ever meeting him in Ottawa with the Minister.

Q. Where did he go after coming, I think you said he wrote you to Ogdensburg—where did you first meet him?—A. I met him at the club in Ogdensburg.

Q. Where did your business relations come in?—A. He gave me prices on boots and shoes and harness and saddles; he was representing the Studebaker Company I think of Indiana.

Q. Anybody else?—A. I do not remember the concern; some boot and shoe concern and some clothing.

Q. You say he was quoting prices and representing concerns; did you have any business connections with him?—A. Nothing only to procure prices, that is all.

Q. You had no personal arrangements with him?—A. No.

Q. There was no partnership?—A. No partnership at all.

Q. Or joint venturers in certain business ventures?—A. I got all his prices.

Q. What is that?—A. He quoted me prices and I got them.

Q. That is as far as you went, that you had no business whatever with him?—A. I got prices from him, he submitted prices all the time, various articles that he procured prices on, horses among other things.

Q. Were there any business arrangements or business deals carried on between you and him?—A. Never concluded any business deals through him.

Q. You never did?—A. No.

Q. Did he conclude any through you?—A. I do not think so.

Q. Think again a little more particularly; did he conclude any business deals through you?—A. I think he was representing some "Mills' Company."

Mr. NESBITT: What is that?—A. Mills Belt Co., or something like that, I have forgotten, and gave a price which I think I gave the price and the sample to Mr. Brown, the director of contracts.

Mr. HELLMUTH: Where was that?

Mr. HENDERSON: Here in Ottawa; Brown of the Militia Department.

Mr. CARVELL: Yes. What then?—A. I think Mr. Brown gave him an order, I don't remember, but I think Brown gave an order to Col. Morgan for the belts.

Q. Do you remember what was the price that Morgan quoted to you?—A. I do not.

Q. Will you say you quoted the same price to Brown that Morgan quoted to you?—A. I do not remember that transaction, I do not remember the details of it at all.

[J. Wesley Allison.]

Q. Do you remember whether you had met Mr. Lignanti at that time or not?  
—A. Yes.

Q. Was he in Ottawa with you at that time?—A. No.

Q. Did Mr. Lignanti have anything to do with carrying on the business between you and Morgan?—A. There was no business between Morgan and me.

Q. I am asking whatever there was, did he have anything to do with it?—A. He got prices from Morgan at the same time I presume.

Q. Then he was operating also on his own hook?

Mr. HENDERSON: Who.

Mr. CARVELL: Did you have any connection with Lignanti at that time or discussion of division of profits?—A. There was no discussion of division of profits that I can remember.

Q. Between you and Lignanti?—A. No.

Q. When did the first discussion take place between you and Lignanti about division of profits?—A. 1915, after I returned.

Q. Can you tell me what led up to this gentleman's agreement, I think I would call it from the way you described it yesterday, between you and Lignanti?—A. I do not remember the details that led up to it.

Q. You ought to be able to give us a little more information than that; there must have been something which impressed some one deal anyway, and I wont ask you the details of it even, but tell me now one deal between you and Lignanti that led up to a discussion of division of profits?—A. Canadian Car.

Q. Was there anything prior to that?—A. No, there was no deal closed prior to that.

Q. Prior to your going to England did you have any business relations with Lignanti, or did you see Lignanti in connection with any business relations with reference to the sale of goods to the Department of Militia?—A. After I left for England Lignanti—

Q. No, no.

Mr. HENDERSON: Before.

Mr. CARVELL: I say before you left for England did you have any arrangements or dealings with Lignanti or did he play any part with reference to contracts with the Militia Department?—A. Not that I know of.

Q. Will you go so far as to say that there was no arrangement whatever between you and Lignanti?

Hon. Mr. DUFF: Before he went to England.

Mr. CARVELL: Yes, before you went to England?—A. Lignanti was working on some horse deal, I do not remember the details of it, I was too busy and did not pay much attention to it; he was working with Sifton and others on a horse transaction, I do not remember the details; I helped them on it and that is the only deal I can recall.

Q. Did you employ him or direct him, or advise him, or in any way use him in connection with any transactions with the Department?—A. Not that I know of.

Q. Then he played no part so far as you were concerned in handling affairs with the Department of Militia?—A. I do not remember of any transaction.

Q. Let us get back to this Mills Belt business you referred to; do you remember how Morgan happened to get into that contract or deal, as you call it?—A. No, I do not.

Q. Did you have anything to do with introducing it?—A. I gave Morgan's name to Mr. Brown I think.

Q. That is Mr. Brown came to you and wanted—?—A. No, I was in Mr. Brown's office and I think I gave Mr. Morgan's name in regard to these belts; I delivered a sample I think there.

Q. And that is all you had to do with it?—A. All I can recall.

Q. Let us see if I can assist you a little; will you tell me whether or not you sent that telegram?—A. I do not remember, it is possible.

Q. That is a telegram that was properly received through a telegraph office is it not?—A. It looks like it, yes.

Q. Signed J. W. Allison, sent from Ottawa?—A. Yes.

Q. Colonel, won't you go so far as to say you believe you sent that telegram?

Mr. HENDERSON: He says it looks like it?—A. Yes. It is a peculiarly worded message; I do not understand it myself.

Mr. CARVELL: I am asking you if you sent it?—A. I don't know; it is possible.

Q. I think that ought to be sufficient to have this offered in evidence.

Sir WILLIAM MEREDITH: I do not think it is evidence under that; that does not prove it.

Hon. Mr. DUFF: You can find out whether he was here on the date, and you may be able to get cumulative evidence.

Sir WILLIAM MEREDITH: Let us look at it and see if there are marks on it. (Looks at telegram.) Is not the man to whom that is addressed available? Is not Mr. Morgan alive?

Mr. CARVELL: I do not know, I am sure.

Sir WILLIAM MEREDITH: I suppose it can be proved through him or through the telegraph office.

Mr. CARVELL: We have not Morgan here.

Mr. JOHNSTON: He is not in this country.

Mr. CARVELL: No, he is in the United States. You will wait a long time before you get Morgan to Canada, I think.

Mr. HENDERSON: I have heard of him; I don't know much about him.

Mr. CARVELL: I have heard of him too, but I will venture to say you won't get him to Canada.

Mr. HENDERSON: It looks like a perfectly harmless message.

Mr. CARVELL: Your counsel says it looks like a harmless message, and I want now to put it back in your hands and ask you to go over it again and see if you won't admit you sent that telegram.

Hon. Mr. DUFF: Don't you think the fair way to put it to him is to ask him to consider the date and to read it over, and then to say whether with that before him and refreshing his recollection by it he can remember if he sent such a telegram?

Mr. CARVELL: I would like to adopt that question?—A. The only way I can fix the date is to find out from the hotel if I was in Ottawa at that time.

Hon. Mr. DUFF: He can do that?—A. But I do not remember the message, although I am not prepared to say that I did not send it.

Mr. CARVELL: Have you any doubt but that it is an original document?—A. I do not know.

Q. You do not even know whether that is an original document?—A. No.

Sir WILLIAM MEREDITH: That does not profess to be an original document; it is not signed.

Hon. Mr. DUFF: The question is ambiguous.

Mr. CARVELL: This is the received document; I do not mean to say this is an original document which you sent; that could be found in Ottawa, and I may have to go to the office here and get it.

Mr. HELLMUTH: It would be destroyed after six months.

Mr. CARVELL: Yes; but this is without a doubt an original document as received in New York.

[J. Wesley Allison.]

Mr. HENDERSON: It seems to me we are taking up a lot of time. I am prepared to advise the witness to say that he is content the telegram should be read.

Hon. Mr. DUFF: The witness is being asked whether he remembers or not.

Mr. HENDERSON: And he has answered to the best of his ability.

Hon. Mr. DUFF: You are not going to advise him to say he remembers.

Mr. HENDERSON: No, but to say he is content.

Mr. CARVELL: You are willing I should put this in evidence?

Sir WILLIAM MEREDITH: That does not depend upon Mr. Henderson alone; there are others concerned. Does anybody object to this telegram going in as proved?

Mr. NESBITT: I do for the Shell Committee, because I do not know where it comes from, whether it has been manufactured.

Mr. HENDERSON: I do not think it has anything to do with the Shell Committee.

Mr. NESBITT: I do not care whether it has or not.

Mr. CARVELL: Did you send a telegram from Ottawa on or about the 7th October to Morgan in New York regarding these Mills belts?—A. I do not remember.

Q. Did you ask him to quote a price to Lignanti about these belts?—A. I do not remember.

Q. I want then to put in your hand another telegram dated 8th October 1914, will you tell me whether you sent this telegram—what is your best recollection—it purports to be sent by you to Col. Morgan?—A. I do not remember, I may have sent it, but I do not remember.

Hon. Mr. DUFF: That professes to be an office copy at the delivery end.

Mr. CARVELL: The delivering end, the New York end; what do you say, that you may have seen it?—A. I do not know, I do not remember it at all.

Q. Have no recollection at all?—A. Of sending that message, no.

Q. Do you believe you did not send that message?—A. I won't say that.

Q. Did you ever wire to Morgan that you had a nice order of belts for him and to come to Morrisburg at once?—A. I do not remember, I may have.

Q. Don't you think you did?—A. I don't know.

Q. Did you get Lignanti to send any telegram about the belts?—A. I do not know.

Q. Did you tell Lignanti about getting this order of belts for your friend Morgan?—A. I don't know.

Q. Did you tell Lignanti not to talk to the Belt people until he first saw you, to tell Lignanti to send a telegram to Morgan not to talk to the Belt people until he saw you?—A. I never knew the Belt people.

Q. I don't say you did; did you tell Lignanti to send a telegram to Morgan telling Morgan not to talk to the Belt people until he saw you?—A. I do not remember.

Q. No recollection whatever about that?—A. No.

Q. Would you be surprised if Lignanti sent a telegram to Morgan telling him not to talk to the Belt people until he saw you or saw Lignanti, or some of you?—A. Lignanti sent?

Q. Yes?—A. I do not know.

Q. Did you ever tell Lignanti about this belt transaction of Morgan's?—A. I do not know, it is possible I have, but I do not know.

Q. It is a good thing you were not sick for two years instead of one, because you would not know enough to go home.

Mr. HENDERSON: Mr. Commissioners, does the Commission think that that remark should have been made?

Mr. CARVELL: Well, probably it might better come in summing up the matter at the end than now.

Q. Did you have any communication with Morgan from London about these belts?—A. I do not remember.

Q. You do not remember that again?—A. No.

Q. Perhaps I can refresh your memory; look at that and see if you remember sending that cablegram from London to Colonel Morgan about those belts?—A. I do not remember that at all.

Q. It evidently looks like a cablegram, does it not?—A. Yes.

Q. And it is signed Allison?—A. I do not remember at all.

Q. Hold on, is it signed Allison?—A. Yes.

Q. Is that your name anyway?—A. Yes, certainly.

Q. I am glad of one thing. That purports to be signed by you, does it not?—A. Yes, but it is not signed by me.

Q. I say it purports to be signed by you?—A. Yes; my name is on the bottom of it.

Q. I used the word "purports," you know that; you do not remember of sending this to Morgan at all?—A. I don't think I did.

Q. Does it look to you as though that had been manufactured for the occasion—look it over now; is it not on cable paper?—A. Yes.

Q. Is it not marked "Received at Manhattan Hotel," by a rubber stamp?—A. Yes.

Q. Does it not have all the evidences of being genuine?

Hon. Mr. DUFF: You had better say appearances?

Mr. CARVELL: Does it not have all the appearances of being genuine?

Mr. HENDERSON: That is a matter of argument.

Q. Mr. CARVELL: It has the appearances?—A. Yes.

Q. And yet you say you don't believe you ever sent it?—A. I do not know.

Q. Which do you mean, you do not know or do not believe?—A. I don't know whether I sent it or not; I have no recollection of this at all.

Q. That is a good deal safer answer than the other; I think you are wise enough to stick to the stereotyped answer.

Sir WILLIAM MEREDITH: You are getting a little beyond.

Mr. CARVELL: I beg pardon.

Q. Do you know how much Morgan was paying the Mills people for these belts?—A. No, I do not; I don't think there were any ever purchased.

Q. You do not?—A. No.

Q. Look at this document and see if that refreshes your memory at all?—A. I did not know that there was any ever purchased or delivered.

Q. You did not?—A. No.

Q. Does that convince you now that there was?—A. I don't know; this document does not prove anything.

Q. Don't get rid of it so quickly as that, that won't hurt you; look at it again. Now, does it convey to you the idea that any were purchased or delivered?—A. I would have to have proof of it from the department; I don't know anything about that.

Q. What does that purport to be?—A. It purports to be a copy of a bill.

Q. Made out by whom?

Mr. HENDERSON: I object to getting—

Sir WILLIAM MEREDITH: The thing speaks for itself.

Mr. HENDERSON: It can either be proved or not be proved; he cannot make the evidence and get it on the notes in that way.

Mr. CARVELL: What does that purport to be?

Mr. HENDERSON: I object.

A. It purports to be a bill; I don't know anything about it.

Mr. HENDERSON: Don't answer until the objection is ruled on.

[J. Wesley Allison.]

Mr. CARVELL: Don't you know that Morgan bought those at \$4.40 and offered them to you at \$5, and you put them into the department at \$5.50; don't you know that?—A. No.

Q. Do you swear you did not?—A. No, I did not know anything about it.

Q. You did not go to the department and put the price up to \$5.50?—A. No.

Q. Don't you know that there was a difference of \$1.10 between the prices paid for those 5,000 belts and the price which he paid to the manufacturers, and you negotiated the trade with the department?—A. Morgan did not have a lower price than the price that was given at that time.

Q. How do you know?—A. That is all I know about it.

Q. What do you know about it?—A. I gave the price; whatever price I gave the department or told Brown is the price I got.

Q. Let us see about it now; you asked Morgan to send his price to Lignanti, didn't you?—A. I do not know.

Q. You say you got the price, how did you get the price?—A. I don't remember whether it was Lignanti or Morgan or who gave me the price.

Q. Don't you know that the price that he sent Lignanti for you was \$5?—A. I do not remember.

Q. You are on safe ground. Don't you know that the price put up to the Department was \$5.50?—A. I don't remember the price now.

Q. Look at this telegram. (Producing.) See if this conveys anything to you. Does that convey anything to you?—A. That is a message from Morgan to Mr. Brown.

Q. Yes; and the price is put at \$5.50?—A. \$5.50 I think.

Mr. HENDERSON: Is that a way of proving it again?

Mr. CARVELL: He says so.

Mr. HENDERSON: Brown is in Ottawa and available.

Mr. CARVELL: They know I cannot bring Mr. Brown here to prove a collateral issue at all. All I can do is cross-examine this witness. I will get Mr. Brown in the proper place if I live long enough. Make no mistake about that.

Mr. HENDERSON: It is a magnificent thing to be a member of Parliament.

Mr. CARVELL: Sometimes. It is a good thing for Canada that there are a few members of Parliament not afraid to stand up and do their duty for the Dominion.

Mr. HENDERSON: It would be better if a few made their statements outside of Parliament, though.

Mr. CARVELL: That is all you remember about this belt business?—A. That I remember.

Q. And that is very little. Now, I want to ask you this question, and I think I will make it so plain that I can get a yes or no answer from you. In the negotiations between Morgan and you and the Department did you not advance the price of these belts fifty cents apiece?—A. I don't remember.

Q. Oh, Colonel, surely you can say yes or no to that?—A. I have no recollection of it.

Q. Will you swear you did not?—A. I have no recollection of the discussion at all.

Q. Will you swear you did?—A. No recollection of it.

Q. Will you swear you did not?—A. I have answered that.

Q. Would you know your own signature if you saw it?—A. I think so.

Q. Let us just test you out now?—A. Yes.

Q. That is your signature, is it, and it is really a letter written to Morgan? (Handing letter to witness.)

Hon. Mr. DUFF: He does not understand that you are asking a question.

Mr. HEDERSON: It has been answered, sir. He says yes, it is his signature.

Hon. Mr. DUFF: He is asking another question.

Mr. HENDERSON: It is a question of fact.

Hon. Mr. DUFF: That is what I am pointing out.

Mr. CARVELL: The witness wants the right to read it. I am willing that he should have the right to do so.

Mr. HENDERSON: It is perfectly obvious.

Mr. CARVELL: You say that is the letter you wrote to Colonel Morgan?—A. Yes.

Mr. HENDERSON: Obviously so.

Mr. CARVELL: I just wanted to test the witness to see if he recognized his signature.

Mr. HENDERSON: Let us have it in as a sample of what my learned friend has been using.

WITNESS: I don't think it should go on the file.

Mr. CARVELL: I am not particular.

Mr. HENDERSON: It is a very fair sample of the letters my learned friend has been using.

Mr. CARVELL: I am perfectly willing it should go in. Look at the next paragraph.

Mr. HENDERSON: Thanking him for a present and hoping—

Mr. CARVELL: Mr. Henderson, you cannot make any capital out of that kind of nonsense.

Mr. HELLMUTH: I think it is quite unnecessary.

Hon. Mr. DUFF: Yes.

Mr. HENDERSON: I quite appreciate the fact that my learned friend has not any very kind feelings towards me, so I do not expect any consideration, Mr. Hellmuth.

Mr. HELLMUTH: I am only objecting to anything of that kind. It is quite unnecessary.

Mr. CARVELL: If you want to have it, put it in.

Mr. NESBITT: May I have a look at it?

Mr. HELLMUTH: When it goes in, Mr. Nesbitt.

Sir WILLIAM MEREDITH: It is the kind of thing that ought not to go in.

Mr. JOHNSTON: It is put in as an example of admitted handwriting.

Mr. CARVELL: There is some business at the end of it too. We will read it of course, and then you will all hear it.

Hon. Mr. DUFF: Had you not better pass it around and proceed with your examination?

(Letter dated 23rd October, 1914, from witness to Colonel H. G. Morgan filed as Exhibit 319):—

Savoy Hotel,  
LONDON, October 23, 1914.

Col. H. G. Morgan,  
Manhattan Hotel,  
New York City, U.S.A.

MY DEAR COLONEL,—Although in the few moments I had to spare I thanked you personally for the lovely present you and your friends gave me on my departure, I want to thank you again. The more I look at the cane the greater is my appreciation of your kind thought.

When I return to New York, which I fear will not be quite so soon as I anticipated, I will have the necessary authority to proceed with the organization of large regiments, and it is in this matter that I depend on your assistance

[J. Wesley Allison.]

and co-operation. This is in the strictest confidence, and I do not want you even to dream about it.

Seyfort is dealing with the other matters in another letter.

With kindest regards,

Yours very sincerely,

J. WESLEY ALLISON.

Mr. CARVELL: Is there any doubt that the negotiations, whatever they were or whatever they resulted in regarding these belts, were Canadian business?—A. I don't know whether it was Canadian business or not.

Q. And you went to the Director of Contracts, Brown, at the Militia Department of Canada and gave these offers, and you do not know whether they were Canadian business or not?—A. I am not sure as to whether—

Mr. HENDERSON: Does not my learned friend know that Mr. Brown did a lot of business for Great Britain in that line, and the Allies?

Hon. Mr. DUFF: This comment is absolutely useless. You put a question to the witness, a perfectly proper question, which the witness ought to have been allowed to answer; but there is no object in using epithets of that kind. Just press the witness for an answer and be done with it.

Mr. CARVELL: I suppose not, but I would like to be allowed to examine the witness.

Hon. Mr. DUFF: Go on.

Mr. CARVELL: Now, Colonel, will you answer my question, please. Do you say now that you do not know whether those belt negotiations that you had with Mr. Brown for Morgan were for Canadian business or not?—A. I don't know whether the belts were to be used for Canada or whether they were purchased for the British War Office, I don't know.

Q. And you pledge your oath that you have no knowledge whatever?—A. I have answered it.

Q. Will you take a look at this please for a moment? (Producing). Who does that purport to be signed by?—A. Brown.

Q. What Brown? There are a good many in the world, you know.—A. H. W.

Mr. HENDERSON: I understood that had been ruled upon. Might I ask again, is that a proper way of proving a document?

Mr. CARVELL: I am only asking a fact.

Mr. HENDERSON: That is getting the contents of the document on the file.

Sir WILLIAM MEREDITH: There is the document; he can see it.

Mr. CARVELL: Who is H. W. Brown?—A. Director of Contracts it is signed.

Q. Of the Militia Department of Canada?—A. Yes.

Q. And he was in the autumn of 1914?—A. He is still I understand.

Q. And is still, I believe so. Does not that purport to have reference to this Mills Equipment?

Mr. HENDERSON: May I have a ruling so I won't have to object so frequently? Is that a proper way of proving a document? I contend that it is not.

Sir WILLIAM MEREDITH: Let me see the document.

Mr. CARVELL: Perhaps it will shorten these objections if I say this: I am willing to admit that if I were proving a case I would take another course entirely; I am trying to test this witness' credibility.

Sir WILLIAM MEREDITH: Surely it does not test his credibility to ask whether that purports to be signed by H. W. Brown. This purports to be a telegram from Brown to H. G. Morgan, whoever he is, sent from Ottawa to the Hotel Manhattan. It should be quite proper to ask him about the matter that is referred to in that letter.



Mr. CARVELL: I have not asked him anything about that matter at all, because my learned friend objects.

Sir WILLIAM MEREDITH: You cannot ask anything of that kind I should say.

Mr. CARVELL: I am content. If he objects I just want to see how far I can go.

Q. Now, having read that document does that convey to your mind any idea of whether—

Sir WILLIAM MEREDITH: Understand, Mr. Carvell, that any question which suggests itself from the matter mentioned in that document you are at liberty to ask.

Mr. CARVELL: That is just what I am asking.

Q. I say, having read that document, does it suggest to your mind whether those belts were Canadian business or British business?—A. I don't know whether they were purchased for use by Canada or for Great Britain.

Q. And even that document does not create any impression on your mind whether they are Canadian business or not?—A. That does not convey anything to me.

Q. All right. Well, did you have a man in your employ by the name of McAlpin?—A. McAlpin?

Q. Yes?—A. No.

Q. Did you have any business arrangement with Mr. McAlpin from Winnipeg?—A. No.

Q. Do you know such a man?—A. Yes, I have met him.

Q. By whom was he introduced to you?—A. By Mr. Adams, of the Adams Saddlery Company, I think, Toronto, Mr. Frank Adams.

Q. Did you have any business negotiations with Mr. Frank Adams?—A. Yes.

Q. Will you tell me generally what was the nature of those negotiations?—A. Getting prices from him on saddles, harness, blankets, and things of that sort.

Q. And that was for the Canadian Government?—A. No, it was for the British War Office.

Q. The British War Office.

Q. Did you report these prices to General Hughes?—A. I think I submitted the prices direct myself when I was over there.

Sir WILLIAM MEREDITH: To the War Office?—A. Yes, sir.

Mr. CARVELL: Tell me again the character of the business that Mr. Frank Adams or the Adams Company, or whatever it was, was carrying on with the Department?—A. I have never been in their place.

Sir WILLIAM MEREDITH: A harness establishment.

WITNESS: Blankets, equipment of that sort.

Mr. CARVELL: If the witness would just listen to what I was saying. I did not ask what kind of business they were doing, but what kind of business they were carrying on with the Department?—A. I didn't know that they were doing business with the Department. What I was talking with Mr. Adams about was getting prices for the British War Office, not for Canada at all.

Q. Nothing at all?—A. No.

Q. Do you now say that you did not know that Adams was selling goods to the Militia Department?—A. No; I don't know it yet.

Q. You don't know it yet. And would you be surprised to learn that they sold goods to the Canadian Department?—A. No, I would not be surprised. They are one of the best concerns in Canada.

Q. Yes, I have no fault to find with them at all. I have here the Auditor-General's report.

Hon. Mr. DUFF: You are not going to examine on that?

Mr. CARVELL: No.

Q. I find in the year ending 31st March, 1915, and that would include the autumn of 1914, Adams Brothers sold Oliver Equipment, bottle holders, blankets and things of [J. Wesley Allison.]

that kind, \$51,000, and the Adams Manufacturing Company sold saddlery, etc., \$29,000. So that makes \$75,000 to \$76,000?—A. I don't know anything about it.

Q. You never knew that, did you? Colonel Allison, did you get any commission on that business?—A. None whatever. I had nothing to do with it.

Q. Did you ever know of anybody else getting any commission on it?—A. I do not.

Q. Was not Mr. McAlpin paid \$5,000 by Adams in your presence to your knowledge?—A. No, sir.

Q. He was not? Did you never hear of it before?—A. Never heard of it.

Q. And you never thought that Adams gave McAlpin \$5,000?—A. No, sir.

Q. And you had no interest in the commission on that transaction?—A. None whatever, I never heard of it before.

Q. Did you do any business with Adams for the British War Office?—A. No.

Q. Therefore I suppose we can say you got no commission on that?—A. Not a cent.

Q. Did you do any business with Adams for any of the foreign countries?—A. Put in bids for them with some of the foreign countries, yes.

Q. Did it result in business?—A. I don't think so, I don't know.

Q. You never got any money out of it?—A. I never got a cent.

Q. Then if \$5,000 were paid to McAlpin, if it were paid, it would not come out of foreign business, would it, as far as you know?—A. I don't know anything about McAlpin's business.

Q. You know quite a lot about McAlpin's business, because you and McAlpin were associated in business, weren't you?—A. Never.

Mr. HENDERSON: The witness never said so.

Sir WILLIAM MEREDITH: I do not see what bearing this has on the inquiry, Mr. Carvell. You are getting every latitude to test the credibility of the witness.

Mr. CARVELL: I am not finding any fault.

Sir WILLIAM MEREDITH: This is apparently storing ammunition for another charge.

Mr. CARVELL: I might plead guilty to that mild indictment.

Sir WILLIAM MEREDITH: I do not think it is fair.

Hon. Mr. DUFF: You are going altogether too far.

Mr. CARVELL: Then I will have to take another way of getting it to the public, that is all.

Mr. HENDERSON: Oh, God bless the public.

Mr. CARVELL: Of course, I may say that my object in going into both these matters, that is this and the Mills business, is to test the credibility of the witness on the statement he made yesterday that he made nothing out of Canadian business.

Sir WILLIAM MEREDITH: Well, he said No, he gave a positive denial. I suppose that is the end of it.

Mr. CARVELL: I cannot go any further, I suppose.

Q. Do you know anything about the purchase of small arms ammunition from the Remington Arms people?—A. Yes.

Q. Were you the medium through which these goods were purchased?—A. Which deals do you mean? I have had a good many deals.

Q. I am asking generally about the purchase of ammunition from the Remington Small Arms people.

Mr. HENDERSON: He said there were several deals.

Mr. CARVELL: Were you the medium through which any of these deals were consummated or put through?

Hon. Mr. DUFF: He said several.

WITNESS: Several deals, I have said so.

Mr. CARVELL: Did you buy any ammunition from the Remington Arms people that came to Canada?—A. Through Canada, yes, for the British War Office.

Q. Did you buy any that were for the Canadian Government?—A. Not that I know of.

Q. How many rounds of ammunition did you buy from the Remington people in the first transaction?—A. I secured a price and arranged for them to sell 75,000,000, I think it was, on the first contract.

Q. What was the price?—A. \$33.

Q. Was not the price \$31?—A. \$33.

Q. You say now it was \$33?—A. \$33.

Q. Never anything as low as \$31?—A. No.

Q. And did you not get \$2 a thousand out of every thousand rounds that you purchased?—A. No, sir.

Q. Do you know General Mahan of the British Army?—A. I do not.

Q. Did General Mahan ever show you a photograph of your receipt from the Remington people for \$75,000?—A. Never seen him in my life.

Q. Did any other British officer ever show you a photograph of that nature?—A. Never in the world.

Q. And you never heard of this before?—A. No.

Q. Absolute news to you?—A. Never heard of it before.

Q. Did you get any commission on the sale of that small arms ammunition from the Remington people?—A. Yes.

Q. How much did you get?

Mr. HENDERSON: I object.

The WITNESS: It is a personal matter. I am not going to give you any information on it.

Mr. CARVELL: I have a right to ask the question.

Mr. HENDERSON: I submit not, Messieurs Commissioners.

Hon. Mr. DUFF: What bearing has that really on it?

Mr. CARVELL: The bearing is this—

Hon. Mr. DUFF: You are asking as to the amount. What possible difference does it make?

Mr. CARVELL: I am advised that it was Canadian business, or a portion of it was Canadian business.

Hon. Mr. DUFF: That may be so if it was Canadian business; but at the present time all you have got is a statement by the witness that so far as he knows it was not Canadian business.

Sir WILLIAM MEREDITH: And if it was Canadian business, you have the statement that he got a commission. What more do you want?

Mr. CARVELL: It would be interesting to know how much commission this gentleman obtained who was sent down there by our Minister of Militia to look after our affairs, this man who is held up by the Minister of Militia as his lifelong counsellor, friend and guide.

Hon. Mr. DUFF: The point is, was it Canadian business? You see, once you get that the question of the amount of commission does not strike me as a matter of much consequence. But the difficulty about it is this: At the present time where are we? You have not laid any foundation.

Mr. CARVELL: I am trying to test the veracity of this witness.

Hon. Mr. DUFF: I know; but you have not laid any foundation at all for this question of commission.

Mr. CARVELL: I have laid this foundation. He admits that the Minister of Militia told him he saw no objection to his taking a small commission on British business.

[J. Wesley Allison.]

Hon. Mr. DUFF: Yes; and you have the admission by this witness that he got a commission.

Mr. CARVELL: I want to know how much, to see whether it was small or large.

Hon. Mr. DUFF: What difference does it make?

Mr. CARVELL: He said yesterday 15 per cent he considered fairly large, or rather large.

Sir WILLIAM MEREDITH: I think we have given you much more latitude than would be given in an ordinary case.

Mr. CARVELL: I am not complaining, my lord.

Sir WILLIAM MEREDITH: This man has some rights, and I think one of his rights is, not to disclose his private business.

Hon. Mr. DUFF: Except material to one of the subjects of the inquiry.

Sir WILLIAM MEREDITH: Except as material to the inquiry.

Mr. CARVELL: Do you know whether any of the small arms munitions sold by the Remington people to Canada were sold for less than \$33 a thousand?

Hon. Mr. DUFF: You mean through him.

Mr. CARVELL: No; he says he did not sell anything to Canada.

WITNESS: I don't know whether they ever sold any to Canada or not.

Mr. CARVELL: Do you know that after the war commenced Canada bought small arms munitions from the Remington people at \$31?—A. I don't know.

Q. Did you ever hear that?—A. No.

Q. And you never heard that the price was jumped to \$33 at the time that the Minister of Militia returned from Europe in the autumn of 1914?—A. The price was forty-two and a half at that time.

Q. Forty-two and a half was it?—A. Yes.

Q. Then it was a bigger jump than I thought it was.

Mr. HENDERSON: That was a sky rocket, not a jump.

Mr. NESBITT: What was the question?

Mr. CARVELL: I am asking if he knew that the price of this Remington ammunition jumped \$2 up to \$33 about the time the Minister of Militia returned from Europe in the autumn of 1914.—A. I don't understand your question at all. You mean the general price of the market in the United States?

Q. No, I mean this particular ammunition.—A. 303 mark 7?

Q. Yes, 303.—A. I don't know.

Mr. HENDERSON: That is somewhat reminiscent of another commission.

WITNESS: I don't know anything about it.

Mr. CARVELL: That is the best information you can give us then?—A. Yes, sir.

Mr. CARVELL: Well, in view of the ruling which your lordships made, I do not think there is much use my pursuing it any further, because I have a whole bagful of the same kind of material.

Hon. Mr. DUFF: You understand what the ruling was?

Mr. CARVELL: I appreciate it. I make no complaint. I was very anxious indeed to have had a chance to go into these things, but if one cannot—why, that is all.

Sir WILLIAM MEREDITH: Any other matter that is mentioned in any document or is brought to you in any way you are at liberty to cross-examine on at large.

Mr. HENDERSON: Is it all Colonel Morgan?

Mr. CARVELL: Oh, it would all come in in proper time.

Sir WILLIAM MEREDITH: Is that all you are going to ask this witness, Mr. Carvell?

Mr. CARVELL: Yes.

Sir WILLIAM MEREDITH: Who is next? Perhaps Mr. Henderson would want to examine last. Have you any questions, Mr. Ewart?

Mr. EWART: Nothing, sir.

Sir WILLIAM MEREDITH: Mr. Lafleur?

Mr. LAFLEUR: No.

Sir WILLIAM MEREDITH: Mr. Nesbitt?

Hon. Mr. NESBITT: No.

Sir WILLIAM MEREDITH: Mr. Laflamme? Mr. Stewart?

Mr. ATWATER: Nothing.

Sir WILLIAM MEREDITH: I beg your pardon, Mr. Atwater. Mr. Henderson?

Mr. HENDERSON: There is just one question, and one question only.

Q. My learned friend, Mr. Carvell, put a question to you, which you did not answer quite plainly as I understood it, with regard to the Mills equipment. Do you know anything about any advanced price, about the price being put up by anybody?—A. I don't remember the transaction at all, Mr. Henderson, only in a general way.

Q. But you would remember, if you were a party to obtaining a price higher than the manufacturer's price with the ordinary business commissions from the Department here, whether for the Department here or for Great Britain?—A. I should think so.

Q. Well, did you do anything of the kind?—A. I have no recollection of it, Mr. Henderson, I don't think so.

Q. Now, I gather from what Sir Sam Hughes says that you were in the Old Country when this Mills question was closed up. Did you know about the sale of some Mills equipment to the Canadian Government?—A. I spoke to Mr. Brown, because prior to my leaving the country I had to arrange the transportation on all equipment.

Q. Prior to leaving the country you introduced Mr. Brown to somebody representing the Mills Company?—A. Yes.

Q. Then you understand that evidently a transaction took place?—A. Only in a general way, I did not know.

Q. Did you have anything to do with the closing of that transaction or the fixing of that ultimate price?—A. No.

Q. That was done while you were in the Old Country.

Mr. CARVELL: Mr. Henderson, I hope you won't lead this witness into error, because as a matter of fact it was not done while he was in the Old Country, it was done while he was in Canada.

Mr. HENDERSON: I thank my learned friend for the suggestion. Sir Sam Hughes says it was while he was in the Old Country, and I must take his statement because I generally find Sir Sam Hughes more reliable than Mr. Carvell.

Sir WILLIAM MEREDITH: It is your turn now, Mr. Carvell. That was hardly generous, Mr. Henderson.

Mr. CARVELL: I happen to know that it took place the week before he left the country according to the documents. I object to Mr. Henderson putting words in his mouth contrary to the facts.

Hon. Mr. DUFF: You were introduced into the fuse matter I understood, Mr. Allison, with the idea of getting lower bids?—A. Doing everything I could to get up competition with a view to keeping the price down.

Q. In the course of doing that did you make any investigation as to prices?—A. Oh yes, everybody knew the prices in New York.

Q. Everybody in New York knew what the prices were?—A. Yes.

Q. Did you make any investigation as to cost?—A. No. I knew as a fact that Colonel Carnegie was one of the greatest experts in the world on that and was better able to do so.

[J. Wesley Allison.]

Q. You made no investigation as to cost at all. What do you say was the current price in New York? That is a very stupid question and I should not have asked it. In fact I suppose you do not know how to answer it. Of course, there was no current prices?—A. No.

Q. I suppose this information was communicated to General Hughes and the Shell Committee?—A. All the information I got from time to time I would telephone or communicate to General Hughes and Colonel Carnegie.

Q. What did you communicate to them on the subject of prices? We are now speaking of the time fuse?—A. I reported to General Hughes some time in the early part of April that I had pretty good reasons to believe that I could get up a combination which would get the price down near to what he thought they should be purchased for.

Q. Down to what?—A. \$4.00 or \$4.25, somewhere around there.

Q. Did you make any report on the actual prices going at the time, that is, prices for which contracts had been made or for which contracts were being executed?—A. Well, Mr. Commissioner, there were no contracts concluded excepting the one that has been referred to by Mr. Cadwell, excepting one with the Scovill Company.

Q. And that was for the 85 fuse?—A. Yes, sir.

Q. You say that was the only contract at that time that was being executed that you knew of?—A. And the one that I understood the Ohio people had taken from the Canadian Car Company on the Russian fuse.

Q. Which was for the Russian fuse altogether?—A. Yes, sir.

Q. Were you here at all between the 28th of May and the 5th of June? I think you were going to look that up?—A. The 28th of May and the 5th of June? No, sir, I don't think so.

Q. Did you look it up?—A. I did not.

Q. My impression is that I asked you to look that up before?—A. I am sorry, I have forgotten it.

Mr. HENDERSON: We will look that up at the lunch adjournment.

Hon. Mr. DUFF: Yes, I would like to know definitely whether you were here in between the 28th of May and the 5th of June. Now, you had communications by telephone with General Bertram and Colonel Carnegie, and also with General Hughes on the subject of fuses?—A. Yes, sir. I don't think I ever talked to General Bertram on the telephone about fuses, but I talked to Colonel Carnegie.

Q. With the Shell Committee then. Put it that way?—A. Yes, sir.

Q. Did you have any communication with them on the subject of prices after the 28th of May? I will just bring your attention to the matter. The point of the reference to that date is that that is the date on which the telegram was received that Colonel Carnegie says apprised the Shell Committee that one and two-third million were to be graze fuses instead of time fuses?—A. After the 14th or the 15th of May I had nothing more to do with the negotiations.

Q. Then had you any communication of any description whatever with the Shell Committee or with General Hughes in regard to the price of graze fuses?—A. After 28th of May?

Q. No, with regard to the price of graze fuses at all?—A. No, I never knew anything about the graze fuses.

Q. You never made any investigation?—A. I didn't know there was a contact made until I read it in the paper.

Q. You mean to say you did not know until quite recently?—A. Yes. I thought it was time fuses.

Q. Then the result must be, you had no knowledge of the change?—A. Oh, no.

Q. In the contract for graze fuses that took place some time in the summer or fall of 1915?—A. No, sir.

Q. That is all.

Sir WILLIAM MEREDITH: Look at that telegram, witness. What does "E" mean there? No one has called attention to that. I have my own idea what that is.

Mr. HENDERSON: England.

Hon. Mr. DUFF: Read England, France—

WITNESS: Well, it is England.

Sir WILLIAM MEREDITH: It means England?—A. Yes, sir. If you would permit me I would like—

Q. I want to ask you a question, and then any statement can be made. You knew, I presume, that the Yoakum people had as competitors the International?—A. Yes, sir.

Q. Now, why would you send to the International, or to the representative of the International, a letter stating not to include anything for commission to you? That would enable them, one would think, to bid a better price against the concern you were instrumental in getting it for?—A. I never thought of commission at that time in connection with this matter. I talked with Mr. Yoakum about it, and I understood that he was himself with some other associates undertaking a twenty or twenty-two million dollar contract.

Q. Does that mean that they were to be the manufacturers?—A. That is as I understood it.

Q. Why would it not occur to you to write to them to say, "Do not include in making your price anything for compensation to me"?—A. Why, I didn't see there was any reason. I saw Mr. Yoakum nearly every day, and he told me he was endeavoring to get the price down to near where General Hughes wanted it, and he was the one that I was depending upon to keep the price down.

Q. Then, as I understand it, after you got these people together and got the thing under way you had nothing to do with the negotiations?—A. No, sir.

Q. And the same with regard to the Edward Valve?—A. Yes sir; after General Pease took the matter in hand with Colonel Carnegie I had nothing whatever to do with it.

Q. Well, is there any explanation why the increase in price was made? Mr. Yoakum has given why that was exactly the price per fuse which he arranged with the Edward Valva he was to receive.—A. I think it was purely a coincidence. I know it had nothing to do with it, because there were only the three of us in the room, Colonel Carnegie, General Pease and myself.

Q. Where is General Pease now?—A. I don't know, sir.

General BERTRAM: In England.

Sir WILLIAM MEREDITH: You say the price of the Edward Valve was fixed on his suggestion?—A. As I remember, General Pease was the one who suggested the increase of four cents.

Q. What was his official position?—A. I understood he was representing the British War Office as a military expert and working in connection with Morgan's office and all other contracts that Great Britain had on this Continent.

Q. Did you learn at all from either Mr. Lloyd Harris or Mr. Russell that they were endeavouring to get a fuse contract?—A. No.

Q. Did either of them make any approach to you in New York or elsewhere to get you to allow them an interest in what you were trying to bring about in connection with the fuse contract?—A. I have no recollection of any discussion with them on fuses; it was machine guns and armour plate for motor cars.

Q. That would be a good deal earlier than May, would it not?—A. They were wanting some guns for the armour plate cars at that time.

Q. Now you say you want to make some statement.—A. I have forgotten what it was now.

Q. Well, it cannot be very important if you have forgotten it.

[J. Wesley Allison.]

Hon. Mr. DUFF: It was just after you answered the questions about the letters I think.

WITNESS: I have forgotten just what it was.

Mr. HENDERSON: I think it was in connection with that telegram.

Mr. HELLMUTH: I thought you made a note at the time, Colonel Allison.—A. No, I was looking up the dates, Mr. Hellmuth.

Mr. HENDERSON: I thought it was in connection with the telegram with the E. and F. in it.

Sir WILLIAM MEREDITH: No.

Mr. HENDERSON: It was after that.

WITNESS: That is what it was. There was only one manufacturer of brass cases in the United States at that time, that is as I was advised by the War Office in Washington, and that manufacturer offered his entire output to General Hughes for the British War Office for eighteen months or two years at \$1.80 or \$1.85. That contract was held up or there was no decision given on it because the General, as I understand it, cabled the War Office. They held that open until November of 1914 before closing with France, and a few days after they had made a contract with France they offered considerably more to get the contract back, but they could not get it. So that price was the lowest price procurable and at that time they were the only people making brass cases.

Sir WILLIAM MEREDITH: Well, that is all. I did not ask you, Mr. Hellmuth, if you had anything further.

Mr. HELLMUTH: Nothing more.

Honourable Sir SAM HUGHES, sworn.

*By Mr. Hellmuth:*

Q. General Hughes, you are the Minister of Militia for Canada?—A. I am.

Before you proceed with your examination, I think it would facilitate matters if the Commissioners would just permit me to read a statement.

Q. I assume that any statement you read will be a statement under oath?—A. Absolutely.

Q. That is to say, you pledge your oath to the facts set out in that statement?—A. Yes.

Q. So that there can be no question afterwards of any kind?—A. Of course when I swear to the minutes of a meeting, I do not verify them.

Sir WILLIAM MEREDITH: Is there any objection to that course being taken, Mr. Hellmuth.

Mr. HELLMUTH: No, sir, so long as I can ask any questions I wish to ask.

Mr. JOHNSTON: I object to a prepared and written statement being put in, because we are entitled to have the advantage of the witness' memory, and we are entitled to have his answers in his own words, rather than a document that has been thought over.

Sir WILLIAM MEREDITH: He can have it before him, and can answer from it as he pleases.

Mr. JOHNSTON: But I would rather have his own words.

Sir WILLIAM MEREDITH: They can either adopt all of it, or not. You can cross-examine upon it.

Mr. JOHNSTON: I am afraid I do not quite understand the position.



Sir WILLIAM MEREDITH: He has made a statement of what his evidence is, upon various points. What is proposed now is not to put it in in bulk, but the General, who has been sworn, will give his evidence now without being questioned by Mr. Hellmuth, and he can refer to it to refresh his memory.

Mr. JOHNSTON: He can refer to it. I am not objecting to that, but to the method of giving evidence in this way.

Sir WILLIAM MEREDITH: It won't go in.

Mr. JOHNSTON: It will, if he reads it.

Sir WILLIAM MEREDITH: We cannot prevent him reading anything, to refresh his memory.

Mr. JOHNSTON: My view is that in a matter of this importance, the regular method ought to be followed, namely, that he should be examined, he can refer to his statement as often as he likes, that counsel who examine him should take down his words as nearly as possible, but he is not entitled, as a matter of law, to look at that statement unless his memory fails him.

Mr. HELLMUTH: My friend Mr. Ewart told me that he proposed to put in a statement, and asked me if I had any objection to it. I suggested that the General be examined in the usual way. It was then pointed out to me that at a previous commission of a somewhat similar nature to this, namely, the South African Commission, Mr. Rhodes was allowed to read a statement and was then subject to examination afterwards, and another precedent was made.

Hon. Mr. DUFF: That was not a commission, it was a committee of the House.

Mr. HELLMUTH: But evidence was being taken under oath.

Hon. Mr. DUFF: Don't you think the real point is, that General Hughes and the gentlemen of the Shell Committee, while not in form facing and meeting charges that are preferred, are in reality facing accusations; they are being called upon here to make their case before they have heard really the whole case against them. The situation is not the same as in ordinary litigation at all. Is it not quite probable that that was what moved the Parliamentary Committee in the Rhodes case, that it is a reasonably fair thing, when an investigation covers such a lengthy course of affairs and is of such transcendent importance to a man?

Mr. HELLMUTH: I might and probably would reasonably forget to ask certain questions which General Hughes or the Shell Committee think important to be stated as facts, if they are facts.

I cannot see, taking the General as any other witness would be taken, subject to examination and to cross-examination, what objection there should be to his making the statement, not treating him after the statement is made in any different manner to that adopted to any other witness.

Sir WILLIAM MEREDITH: Has this statement been prepared by you, General Hughes?—A. Yes, sir.

Q. It is your own preparation?—A. Assisted by—

Mr. CARVELL: Counsel.

WITNESS: I may say that I assume full responsibility for every word that is in it. It was prepared under my supervision.

Mr. CARVELL: I would like to say a word here. I appreciate, as Mr. Justice Duff has stated, the position of General Hughes, and I am the last one who would wish to make it at all onerous. But it does seem to me that we should have an opportunity of seeing this document before it is put in evidence. How do we know but that there are many things in it which are not properly receivable as evidence? If it is all proper evidence I have no very great objection to General Hughes giving his evidence in this manner.

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: He is going to read it. If you can find anything that is objectionable in it, you can object to it.

Mr. CARVELL: But it is too late then. It is read, and handed to the press. It is in the hands of the press now.

Sir WILLIAM MEREDITH: It is not in the hands of the press.

Mr. JOHNSTON: But it is, as a matter of fact, sir.

Mr. CARVELL: If we could defer this until after lunch time, so that we may read the statement and see what is evidence and what is not evidence, it would be much better, I think.

Under the ruling given this morning, I was not allowed to cross-examine on the telegram because I did not follow the strict rules of evidence.

WITNESS: There is nothing in this that does not bear directly on the case.

Sir WILLIAM MEREDITH: I wish to say on behalf of the Commission that this document is not in, and that the press has no right to treat it as anything officially before the Commission at present.

Mr. EWART: I had the opportunity of being present when Cecil Rhodes was examined before the Committee of the House of Commons—

Hon. Mr. DUFF: The question raised by Mr. Carvell is really a practical question. Mr. Carvell has not taken any point on the question of principle at all. But he says that the effect of it is that the evidence could go in without his having a proper opportunity to take objections to it. That may be gotten over if the counsel have the documents before them.

Mr. CARVELL: Could we not occupy the time between now and one o'clock in that way? I may say that I object to a certain paragraph being read, because it is not proper evidence.

Sir WILLIAM MEREDITH: Take the first paragraph, for instance.

Mr. CARVELL: But I have not got it.

Sir WILLIAM MEREDITH: You can have mine.

Mr. CARVELL: I do not want it, sir.

Mr. JOHNSTON: The true principle, Messrs. Commissioners—and I still adhere to my view, not that I want to interrupt the progress of the Commission or the facility of taking the evidence, or that I object to General Hughes reading what he pleases, if necessary. But it ought to be safeguarded in this way, that we ought to have his best memory upon these points, as we are entitled to have; failing that, if General Hughes can refresh his memory by looking at documents, he may do so. I see no reason to vary that well-known and salutary rule.

Sir WILLIAM MEREDITH: I do not see any reason why General Hughes should not be at liberty to make his full statement here without any question. The practical point Mr. Carvell has raised is a reasonable one. Mr. Carvell might look over the first page of the statement, and in that way see if we cannot get along.

Mr. CARVELL: I have just had an opportunity of going over the first page, and I see that General Hughes has incorporated in the form of a speech to go to the press the Minutes of a meeting of the Committee.

I don't know that General Hughes can pledge his oath to that.

WITNESS: The minutes are already in.

Mr. CARVELL: Then why incorporate there what is in the evidence of another man?

Hon. Mr. DUFF: That is not your practical point at all, Mr. Carvell. You could not possibly prevent that, you know. General Hughes would be strictly entitled to be examined by his own counsel, and if Mr. Ewart choose to put the evidence in that way you could not possibly stop it.

Mr. JOHNSTON: All we ask from a practical standpoint is to be given half an hour to read the document.

Sir WILLIAM MEREDITH: But half an hour is a very important question just at present. What do you say about coming back at two o'clock?

Mr. JOHNSTON: That will be all right, sir.

Sir WILLIAM MEREDITH: Better make it half past two.

(Commission adjourned at 12.25 noon until 2.30 p.m.)

#### AFTERNOON SESSION.

OTTAWA, Tuesday May 30, 1916, 2.30 p.m.

(Examination of the Honourable Sir Sam Hughes continued.)

Mr. CARVELL: It rather looks, Messrs. Commissioners, as though we commence to see the end of this investigation. I presume, from a statement made by Mr. Hellmuth some days ago, that he has not many more witnesses to call. We would like to have a number of witnesses called, among whom would be Mr. Russell, of the Russell Motor Car Company, and Mr. E. B. Ryckman, his solicitor. We would also like to have Mr. Wilfred Ohmer, a gentleman whose name has been mentioned here, and whom I am informed will come on receipt of a telegram to that effect. We would also like, I think, to have Mr. Hathaway of Montreal here.

Sir WILLIAM MEREDITH: Mr. Hathaway and Mr. Sise?

Mr. CARVELL: Yes, sir, Mr. Hathaway and Mr. Sise. I thought I would bring these names before the Commission, and that the Commission would ask the secretary to take the necessary steps to insure their attendance.

Sir WILLIAM MEREDITH: Wouldn't it be just as convenient a plan as any to give Mr. Hellmuth the names and have him see that these gentlemen come here?

Mr. HELLMUTH: I think the gentlemen whose names have been mentioned would be more likely to come if my friends would ask them. I was suggesting to Mr. Grant that he should send any telegrams or letters. I think that would probably bring them here faster than would anything coming from me.

Mr. CARVELL: Wouldn't a telegram from the Secretary be more likely to get them? I feel that it would have very much more influence on a gentleman living away down in the United States than would a telegram from Mr. Grant.

Sir WILLIAM MEREDITH: You think so, do you?

Mr. CARVELL: I think so, sir; in fact, I am sure.

Hon. Mr. DUFF: Mr. Hathaway and Mr. Sise are acting rather in the capacity of Government officials, are they not? One of them (Mr. Sise) is at the head of the Munitions Company?

Sir WILLIAM MEREDITH: I thought it was some electric company.

Mr. JOHNSTON: The Northern Electric Company, was it not?

Hon. Mr. DUFF: I did not mean the Canadian Government. I understand that the Munitions Company is under the patronage of the Imperial Munitions Board.

Sir WILLIAM MEREDITH: It would be a good idea to ask Mr. Ritchie to let these gentlemen know that the Commissioners would like to have them here.

Mr. CARVELL: That would be satisfactory.

Sir WILLIAM MEREDITH: In regard to Mr. Ohmer, I do not suppose Mr. Carvell would suggest calling him unless there is something really material to be gained. I think it is a great pity to bring business men away from the United States unless something very important is to be obtained from them.

[Sir Sam Hughes.]

Mr. CARVELL: I appreciate that. But his evidence is of importance. I am advised that he is willing to come if properly requested. There will be no claims whatever for loss of time, or anything like that.

Sir WILLIAM MEREDITH: I was not thinking of that at all. I was thinking only of the serious inconvenience it is to such a man.

Mr. CARVELL: I can assure the Commission that he is perfectly willing to come.

Sir WILLIAM MEREDITH: Then the Secretary will communicate with the persons whose names have been mentioned.

Mr. HELLMUTH: Before proceeding with the evidence of General Hughes, I wish to say that I have just received a letter from Messrs. J. P. Morgan & Company, to whom I wrote on the 23rd instant, asking if they could send a representative to this Commission to give evidence in regard to prices at which fuses could be obtained during the months of May, June and July, 1915, which are the times this inquiry has been directed to. I received this reply, dated May 26th, 1915, addressed to myself:—

“NEW YORK, May 26, 1916.

I. F. HELLMUTH, Esq., K.A.C.,  
C.P.R. Building,  
Toronto, Canada.

DEAR SIR,—We beg to acknowledge receipt of your letter of the 23rd asking if we have a representative who could give evidence in regard to the prevailing or contract prices for fuses during the months of May, June and July, 1915, and if so, whether we would be willing that such representative should attend some day next week at the sittings of the Royal Commission which has been appointed to investigate certain fuse contracts.

The giving of such evidence as you desire, probably, if not necessarily, would involve a discussion of the business we have transacted for our client which would be manifestly improper except upon the request and instruction of our client. Therefore it would be impossible for us to send one of our representatives to Ottawa to give evidence as suggested.

We regret very much our inability to serve you.

Yours very truly,

J. B. MORGAN & Co.

(Marked as Exhibit 320.)

Mr. HELLMUTH: Shall we proceed now?

Sir WILLIAM MEREDITH: Mr. Johnston, have you and Mr. Carvell considered the matter?

Mr. JOHNSTON: We have gone over this statement carefully, and will, as the sections come before the Commission, take our objections to the parts we think ought not to be admitted.

Sir WILLIAM MEREDITH: General Hughes, whatever you say you are stating upon the oath you have taken?—A. Certainly.

Q. You are not simply reading a statement?—A. I am reading a statement, but I am swearing to it also.

*Statement by Major-General Sir Sam Hughes.*

The Shell Committee was one of the products of the war. On 24th and 26th August inquiries from the War Office came by cable to my department with reference to the possibility of obtaining empty shells from the United States, and asking for quotation of prices for 200,000 (23, 24). Believing that the work could be done in Canada, it was decided to ask the leading manufacturers of Canada to meet me at Ottawa for the purpose of discussing the situation.

Sir WILLIAM MEREDITH: What do those numbers 23 and 24 refer to, General Hughes?—A. The pages of the record.

Q. Of the printed record?—A. Yes, sir.

Q. You speak there of the cables of the 24th and the 26th of August. Are those cables in?—A. Yes, sir. All that are mentioned, I believe, are in, although I have not compared them myself.

The meeting was held on the second of September, 1914, and there were present A. R. Goldie of Goldie & McCulloch Co., Galt; Mr. Hamilton, of the Canada and Machinery Corporation, Galt; Mr. G. W. Watt, Canadian General Electric Company, Toronto; Mr. H. Haight, Canadian Ingersoll Rand Co., Sherbrooke; Mr. Sangster, Canadian Ingersoll Rand Co., Sherbrooke; Mr. E. Carnegie, Electric Steel and Metals Co., Welland; Lt.-Col. Lafferty, Dominion Arsenal, Quebec; Col. A. Bertram, John Bertram & Sons Co., Ltd., Dundas; Col. T. Benson, Master General of Ordnance, Ottawa; Lt.-Col. C. Greville Harston, C.I., of Arms and Ammunition Quebec (331).

The minutes of the meeting have been preserved and are as follows:

Sir WILLIAM MEREDITH: They are in, I understand?—A. Yes, sir.

Colonel Hughes explained to those present that the British Government had asked for information regarding the position of Canadian manufacturers in regard to supplying them with 18-pr. shrapnel shells. On receipt of this inquiry he had communicated with gentlemen whom he thought would be interested in the manufacture of shells and would be glad to have advice from those present as to whether *in their opinion this work could be done in Canadian shops in the time specified by the British Government.*

Lieut.-Col. Lafferty explained in detail the process of manufacture, inspection, etc., at the Dominion Arsenal, also advising that drawings, samples, and other data would be supplied by him.

The delegation adjourned for consultation and after going into the question in detail *it was decided that the shells could be manufactured in Canada.*

Moved by Mr. Winslow, seconded by Mr. Hamilton, that Colonel Bertram act as chairman with full power to act between the manufacturers and the Minister of Militia through Colonel Benson with the idea of working out and formulating some plan of organization for carrying on the work. Carried.

Colonel Bertram accepted and the meeting was adjourned. (332.)

I was not present during the adjournment for consultation referred to in the minutes. After the adjourned meeting, I received from General Bertram the following letter—which is already in:

I beg leave to report that the manufacturers who were present at the meeting yesterday have appointed me chairman of the committee. They thought it would facilitate matters a great deal if some person would act for them in conjunction with the Militia Department, and therefore be able to carry on this work in a satisfactory manner.

A number of questions came up, such as—

Ordering material.

Where it could be secured.

Shortest date of delivery.

Cost to the Government.

They are going to look to me for this information, and I have volunteered to devote my whole time to this work, keep in touch with the heads of your department, and report to you through Colonel Benson of the progress of the work.

I am, therefore, to-day ordering material as suggested by yourself, so as to enable them to proceed with the various operations.

Trusting this will meet with your approval, I remain, etc. (339)

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: That is reporting the result of their meeting?—A. Yes, sir.

A long list of manufacturers with whom the committee were getting into communication accompanied this letter. (336, 337.) It will be observed that the committee was formed and the chairman selected at the adjourned meeting.

General Bertram was selected because of his peculiar fitness as a soldier, a manufacturer, and a man of pre-eminent character, and he devoted his time to the work without compensation.

Three days afterwards (5th September) I sent to General Bertram the following telegram:—

Kindly meet me with your committee in Quebec at the Dominion Arsenal, Tuesday afternoon next. Wire me Valcartier Camp to remind me. (334.) The proceedings at Valcartier are recorded in the Minute Book as follows:—

Pursuant to the order of Col. the Honourable Sam Hughes, Col. A. A. Bertram, Montreal, Thomas Cantley, New Glasgow, N.S., George W. Watts, Toronto, met the minister, who stated that the Secretary of State for War had advised the Canadian Government that the War Office were desirous of having shrapnel shells made in Canada, that the Government had decided to intrust this matter to a committee of manufacturers and had so advised the War Office and had submitted the names of the gentlemen named above, which suggestion and the personnel of the committee had been approved by the War office. That the committee would be enlarged by the addition of three military officers. (335.)

The minister confirmed same by a memo. initialled by him for action (335).

The memo. was as follows:—

Valcartier Camp,  
7/9/1914.

Colonel Bertram (Alex.)	}	Committee on Shells.
Thomas Cantley,		
George Watts,		
Lieut.-Colonel Lafferty.		

SAM HUGHES.

For action  
S.H.

The proceedings of a later meeting, held on the same date are as follows—they are also in the Minutes, I think.

Present:

Colonel A. Bertram, Chairman,  
Mr. Geo. A. Watts, Secretary,  
Mr. Thos. Cantley.

Disposal, 2,000 blanks.

We recommend these to be distributed as follows.

John Bertram & Sons Co., Ltd . . . . .	500
Goldie & McCulloch Co . . . . .	500
Canada Foundry Co. . . . .	500
Canadian Rand Drill Cq . . . . .	500

Steel Supply.—Resolved that a supply of steel of the kind and quality now in the Arsenal be kept in stock sufficient for one full month's work (or say 100 tons). This stock to be independent of and in addition to any supply of steel of Canadian manufacture ordered or delivered.

Inspection.—Whereas a vital point in the manufacture of shells is thorough inspection: therefore, we strongly recommend that the whole matter of inspection of shells be under the direct supervision of Major C. Ogilvie, R.A., a War

Office appointee, and that he report direct to Colonel Benson, M.G.O., Ottawa, on all matters relating to the inspection of ammunition.

Approved (335, 6).

The four firms mentioned in this minute "were the only people who had consented to take on this work up to this date" (335) General Bertram was interested in the first of these firms, Colonel Watts was interested in the third. No member of the committee had any personal interest in the other two.

On the next day (8 September) another meeting was held. The following are the minutes:

A meeting was held at the office of the Dominion Arsenal, Quebec, Tuesday, September 8, 1914.

Present:

Colonel Hon. Sam Hughes,  
Colonel Benson,  
Lieut.-Colonel Harston,  
Lieut.-Colonel Lafferty,  
Colonel A. Bertram,  
Mr. Thomas Cantley,  
Mr. Geo. W. Watts,  
Mr. E. Carnegie.

The following committee was then appointed by Colonel Hon. Sam Hughes, Minister of Militia:

Colonel A. Bertram, Chairman,  
Mr. Thomas Cantley,  
Mr. Geo. W. Watts,  
Lieut.-Colonel F. L. Lafferty,  
Colonel Benson,  
Lieut.-Colonel Harston,  
Mr. E. Carnegie.

On the 24th September, Colonel David Carnegie, a most capable British expert, assumed the duties of ordnance adviser to the committee and on a later date he became a member of the committee. On the 29th April, Mr. J. W. Borden was added to the committee and on the 19th June, Mr. Alex. Riddell was also added.

Mr. JOHNSTON: At this point, Messrs. Commissioners, I wish to say that the balance of that page, and the whole of page 5 down to the words "the whole situation" is a matter of comment, a matter of counsel's opinion, and has nothing whatever to do with the question of fact, which can be sworn to.

Sir WILLIAM MEREDITH: Why not take the first statement, that he is not responsible as Minister of Militia? That is a statement of fact.

Mr. JOHNSTON: Whether he is responsible or not is a matter of law.

Sir WILLIAM MEREDITH: I don't know about that.

Mr. JOHNSTON: That is the objection we take. It is a matter prepared partly by himself and partly by assistance. These views expressed in the paragraphs I have referred to are matters of opinion, clearly. Surely it must be a matter of opinion whether a man is responsible or not. That cannot be a question of fact which can be determined by the court.

Sir WILLIAM MEREDITH: The whole course of these proceedings has not been by the ordinary technical rules followed at a trial in Court. We have allowed all sorts of latitude which would not have been allowed had it been the trial of an issue.

Mr. JOHNSTON: Applying that principle, it would reach this point; take by way of analogy the gentlemen composing this Commission. How can it be a question of

[Sir Sam Hughes.]

fact which would enable them to hold their views or entitle the Government to dismiss the Commission, if they saw fit?

Hon. Mr. DUFF: Isn't it an opinion?

Mr. JOHNSTON: That is the objection.

Sir WILLIAM MEREDITH: He illustrates the position as to responsibility, by this method.

Mr. JOHNSTON: It is argument.

Sir WILLIAM MEREDITH: Argument if you like. We have had all sorts of arguments and discussions here.

Mr. JOHNSTON: Yes, sir, discussions and arguments, but not where a statement of fact was to be admitted.

Sir WILLIAM MEREDITH: I would not be disposed to put a bridle upon General Hughes in making his statement before the public of this country as Minister of Militia or his conduct of the affairs of the War Department. This is not a criminal trial for the purpose of convicting somebody, but a public trial, an inquiry to see whether he has satisfied the public as to the manner in which public business has been conducted.

Hon. Mr. DUFF: I quite concur in that.

"Non-responsibility.—In constituting the committee, and afterwards in observing its operations, I was not acting, and am not responsible, as Minister of Militia, although, on the other hand, had I not been Minister, I would not have been appealed to by the War Office. By way of analogy, I desire to point out that the distinguished gentlemen who compose the present commission are not now acting as judges of their respective courts, although were they not judges, they would not be commissioners. They hold two separate commissions, and for what they do as commissioners they cannot be required to answer as judges. At the same time, it is true that if, either in the discharge of their duties as commissioners, or, indeed, in the course of their private life, their conduct be unworthy of judges they might on that account be deprived of their judicial offices.

"It is not part of the statutory duty of the Minister of Militia to make inquiries for the British War Office, to arrange for the supply of munitions for the War Office, or to conduct negotiations to that end. On the other hand, in as much as performance of these functions is not attached to any other office in Canada, and as I was the one with whom Earl Kitchener naturally communicated, and inasmuch as they came more nearly within the scope of the usual operations of the Department of Militia than that of any other official body, it was considered that I ought to act as I did in constituting the Shell Committee. For what I have done in connection with that Committee I am, therefore, in no way responsible to Parliament as Minister of Militia.

"I am not accountable to the House of Commons for the expenditures of the Committee—the money was not voted by the Canadian Parliament; and the Public Accounts Committee has not thought that it had any right to investigate the manner of its disbursement. The money was provided by the British Government.

"Nevertheless, I am responsible to public opinion in Canada for the integrity and purity of my conduct, whether in connection with the discharge of duties of a public character or in the course of dealing with my fellow citizens. It is for that reason, as I understand it, that the present investigation has been ordered. And while I cannot say that I have welcomed an inquiry which has necessarily diverted from their duties the activity of those who, in the work of the War, were already over-taxing their strength. I can confidently say that I have nothing to conceal, and have not the slightest reason for apprehension.



On the contrary, it has afforded an opportunity to place before the public the facts of the whole situation.

"Work of the Committee. Having been constituted as already mentioned, the Committee proceeded to obtain information upon which they could base a quotation of prices, as requested by the War Office; and to assist them to a conclusion, I cabled the War Office (11th September) that it was "important to know will you want more than the two hundred thousand already placed. Reference, page 26.

"Before any quotation had been made—and therefore somewhat prematurely—I telegraphed to General Bertram on the 15th September as is indicated in his letter of reply of the same date "In reply to your wire message—will you kindly proceed with the manufacture of shells as per the arrangement—as yet I have not received confirmation of that order"—I beg leave to report that the Committee is proceeding with the work on the 18 Pr. shells.

"We have ordered material for this work to start operation, and might state that we are having this work distributed amongst all the factories in the West and several factories here in Montreal, the names of which I am enclosing.

"I would also like to state that we are going on with the understanding that all material will be ordered by this Committee, and if any persons should make requests for you to order the material kindly refer them to my office." Reference, page 340.

"At the same time we are collecting information regarding prices, and can assure you we will use our utmost efforts to secure the lowest prices in the market. After we have secured this information we will name a price on the shells finished.

"Trusting you will clearly understand that in ordering this material we are doing so on the supposition that no orders will be issued by the department which will conflict with our mode of procedure, I remain, yours very truly." Reference, page 341.

On the 18th September I sent two cables to the War Office as follows:—

"Committee reports price of 100,000 shrapnel 18-pr., as per your cablegram specifications will be \$8.55 each delivered at Montreal, 200,000 by November 1, and at least 30,000 monthly thereafter. Usual inspection charges. Shall we proceed? If so, please arrange line of credit through Canadian High Commissioner and in favour of Deputy Minister Militia and Defence, Canada, Specifications 15-pr. just to hand, price later. Please answer. Committee wait."

"Committee report 100,000 shrapnel 15-pr. shells, price \$8.30 each delivered at Montreal. Assuming proceed with 18-pr. first. Can make delivery of 18-pr. already cabled and follow with 20,000 15-pr. November, and 30,000 per month thereafter."

To these cables the War Office sent the following reply, 19 September:—

"With reference to your telegrams Nos. 132 and 133 we accept the prices as offered for 100,000 each 15-pr. and 18-pr. shells. Please proceed. We trust you will insure punctual delivery."

Reference page 28.

The contracts.—Thereupon the Master General of Ordnance whom I nominated as intermediary with the War Office sent to General Bertram the following letter:—

"I have the honour to inform you that the War Office has cabled that they accept the conditions for the manufacture of 18 pounder and 15 pounder shrapnel shells. That is 100,000 of each, delivery at Montreal, 18-pr., 20,000 by the first December and 30,000 monthly thereafter. Subject to the general inspection

[Sir Sam Hughes.]

in Canada as agreed upon, the War Office trust the delivery will be made punctually. A formal agreement should be drawn up by the Committee and signed by the Hon. the Minister and Companies tendering as soon as possible."

Reference page 340.

"A formal contract was prepared by General Smith, the Judge Advocate General, and was revised by Mr. Newcombe of the Justice Department. It is dated the 1st October and is stated to be:—

"Between Alexander Bertram, Thomas Cantley, George W. Watts, and E. Carnegie of the first part, and colonel the Hon. Sir Sam. Hughes, His Majesty's Minister of Militia and Defence of Canada, acting for and on behalf of His Majesty's Secretary of State for War, of the Second part."

Reference page 30.

Sir WILLIAM MEREDITH: At whose instance was that contract directed to be prepared?—A. Might I divert for a moment. When it came to the early formation of this manufacturing committee, we went to Valcartier, to Quebec, to see the Dominion Arsenal. At that time we wanted to lay in a supply of steel, to know how to order it, who was to be responsible, and the only way out of it that we could see was to get the arsenal on the responsibility of the Militia Department to order the material—100 tons. A day or two later other material was going to be ordered. Was I, representing the British Government to waste my time sitting around signing orders? I saw that the only way out of it was to have some one responsible, and therefore decided to appoint a committee, and I drew up a rough and ready agreement—no lawyers around thank goodness—and it was signed by myself, General Bertram and Mr. Cantley I think, and probably Mr. Watts; I do not remember who signed it. We drew it up at Valcartier on a tie pile.

That was merely to give General Bertram authority to go on with his ordering. In pursuance of that General Bertram went on.

Later on I communicated with the War Office that we had formed the committee and were going on with the work. Then on towards the middle of September the War Office sent a statement that they wanted a contract signed, and I took this draft that we had signed. I spoke to the Prime Minister who, like myself, was very busy; and he suggested that we should see the Justice Department, and out of that came the formal agreement of the first of October.

That is how it arose, first out of my own action to get out of this work of having to order goods all over the country, and second to comply with the wishes of the War Office.

Hon. Mr. DUFF: We have that cable in?—A. Yes, sir.

Mr. HELLMUTH: May I say here that I was going to call and am going to call the Judge Advocate General, General Smith.

I have seen General Smith, and if I may make a statement, General Smith will say as he told me, that when he came to draw the contract before the cablegram came from England, he thought both as a lawyer and as a military man, that a contract with the Shell Committee would mean nothing, and that he must get some individuals or firms to be bound, and therefore he really anticipated the requirement of the cable and drafted an agreement very much in the form in which it was actually signed. It went over to Mr. Newcombe and was revised by him, General Bertram saying that he would take the responsibility of signing it.

Sir WILLIAM MEREDITH: Just another question or two. Would it have been practicable to have formed a Shell Committee that would not have been composed of gentlemen connected with manufacturing concerns that would be interested in the contracts that would be let?—A. I deliberately encouraged these men to come to that meeting as they would know something about the manufacture. I did not want novices around a business like this; I wanted the very best men I could get in order to make it a success.

Q. Did it occur to you that these gentlemen's interests might conflict with their duty?—A. They took the contracts at the price fixed by the British Government, always. If they made anything on it so much the better. They lost sometimes, and evened up in that way.

Q. Was it your idea at this time that any profit that might be derived would belong to them?—A. I don't think the question of profit entered into it. We were anxious to get into the game and keep the industries going in Canada and also meet the situation at the front. I did not care whether they made a profit or not. As soon as General Bertram found that there was likely to be a profit he told me, and spoke of giving it to the Patriotic Association. I wondered what they had to do with it; the proper place to refund it was to the British people. He acquiesced in that. That was early in November or December 1914. Later on—

Mr. EWART: That is in your statement.

Hon. Mr. DUFF: This cable referred to is the only communication from the War Office?—A. About the agreement?

Q. Yes?—A. I think so. Of course after that I did not see one out of fifty cables. I appointed Colonel Benson, later General Benson.

Q. Really, that question ought not to have been put to you.

Mr. EWART: May I say, sir, that there is a letter from Colonel Benson, anticipating the direction of the War Office.

Sir WILLIAM MEREDITH: We have that.

Mr. EWART: And correctly.

Sir WILLIAM MEREDITH: I am not so sure of that. That is the view of the cable anyway. Go on General Hughes.

Sir SAM HUGHES (reading): This document was duly executed, and a copy of it was afterwards sent to the War Office.

That is the Agreement of October 31st.

(Reading) "On 7th October the War Office cabled as follows:—

With reference to your 132 and 133 and my 1108, the cipher, please send by mail copies of the contracts made by you on behalf of this Department for 18-pr. and 15-pr. shrapnel shells. It is assumed that all shells are being supplied with plugs.

Sir WILLIAM MEREDITH: That "The" before "cipher" should go out?—A. Yes, that should go out. I do not know that it is important, but I might explain here that the British Ordnance Department keep a book in which every contract is entered and recorded, and reference made to it. These books are printed and left with the various stations.

(Reading) Concurrently with the negotiations for the 200,000 shrapnel shells above referred to, other cables with reference to the manufacture of projectile boxes were interchanged, with the result that a contract, between the same parties as the contract of 1st October, was executed on the 20th October (33).

Many other contracts by cable were entered into, and embodied in the document of 1st July, 1915. With the exception of those referred to in the Royal Commission, they are not, as I am advised, within the scope of the present inquiry, and of only one of them are the particulars supplied by the evidence. It commenced with a proposal (24th November, 1914) from the committee for the supply of 200,000 18-pr. shrapnel shells fixed ammunition, without fuses at \$17.65, and of 400,000 empty shells at \$9.25 (32). The prices were objected to by the War Office, and a counter offer was made of \$15.00 and \$6.00 respectively (32) These prices were accepted, and the work was done, but at a loss.

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: That I suppose is hardly within your knowledge?—A. Only by reason of hearing General Bertram tell me.

Q. He said the lower prices were accepted and the work done at a loss?—A. Yes. (Reading) Status of Committee.—The status of the Committee, although now to the lawyers apparently a matter of vital importance, was never, so far as I can recall, discussed by me with anybody. I appreciate now, to some extent the nicety of the legal difficulties which the lawyers are said to have discovered; but as a matter of fact, there were no legal difficulties, nobody suspected the existence of any, and none were ever discussed. I do not mean that the four manufacturers who executed the contracts of 1st October, 20th October, and 1st July did not appreciate that, according to legal form, they were assuming legal obligation, but as everybody understood that these gentlemen were not personally to pay any losses and stated they would not take the profits; and as the War Office desired that the business should be put in the form of contracts, and as we had no lawyer to raise objections, the matter of form was disregarded and the contracts were signed. As Mr. Justice Duff has remarked, we were not “embarrassed” with lawyers.

Hon. Mr. DUFF: You will have to apologize to Mr. Hellmuth.

Mr. HELLMUTH: I think the apology is due from Mr. Commissioner Duff.

Sir WILLIAM MEREDITH: Your most formidable objection might be made to this attack, Mr. Johnston.

Mr. JOHNSTON: I was afraid that it would not be safe to object with the array behind me.

Sir WILLIAM MEREDITH: One against the many.

Sir SAM HUGHES (reading):

Military men, especially in war time, must keep constantly in mind military necessities, rather than conformity to the technicalities of legal requirements. Gentlemen of the Bar might have applied a wealth of learning to the question of the legal right of the contractors to the thirty-four millions of dollars which they have saved for the British Government if a dishonest claim to it had been asserted. But no such claim was ever made or ever dreamed of. And without further remark I leave the lawyers to debate, if they choose, what might have been the result if something had happened which did not occur. The result has been nearly four hundred million dollars worth of business for Canada; one hundred thousand Canadian workmen trained to be skilled; millions of shells to the front; the furnishing an example and a model for all lands; prosperity to Canada; and not one lawsuit.

Sir WILLIAM MEREDITH: That is the most to be deplored.

Mr. HELLMUTH: That is where the sting comes in.

Sir SAM HUGHES:

Disposition of the profits.—In the month of November or December, 1914, when General Bertram became aware of a probable profit of about \$50,000 upon the manufacture of the first order of two hundred thousand shells, he suggested to me that it should be handed over to the Patriotic Fund. I replied that the money belonged to the War Office, that we had no power of disposition over it, and that it should necessarily be returned to the War Office. (343)

Afterwards, in the early spring at my request General Bertram explained the question of surplus to Sir Robert Borden, and later in May or June, 1915 in reporting to H. R. H. the Governor General upon the progress of the work, General Bertram informed him—

This I got from General Bertram's statement, both here and previously.

(Reading) General Bertram informed him that there would probably be a profit of \$14,800,000, and told him that his ambition was that the Committee would "turn out a creditable job for Canada," and turn back the profit to the War Office. (344-5). Afterwards, in the month of July or August, 1915, when Mr. D. A. Thomas came to Canada as the representative of the British Minister of Munitions, General Bertram informed him of the existence of the surplus and of the determination of the Committee to hand it back to the War Office. (344). Afterwards, at the end of November, 1915, when the Committee was being superseded by the Imperial Munitions Board, when the estimated profit made by the Committee had risen to about \$34,000,000 and every dollar of it was gladly and ungrudgingly handed over to the Board.

That "and" should come out of there.

(Reading) Colonel Allison—

I should have inserted the words, "J. Wesley."

Mr. JOHNSTON: I think we recognize him.—A. You recognize him, Mr. Johnston.

(Reading) Shortly after the commencement of the war, various inquiries came to the Militia Department from the War Office with reference to the supply and prices of munitions and equipment. Colonel Allison was the best man I knew of to obtain the necessary information from the United States, and I asked him to undertake that part of the work. I had known him well for many years, had worked with him in opposing attempts in Washington and Ottawa to exploit the water-power of the St. Lawrence River and had always held a high opinion of his ability and integrity. He was of the greatest service to me in various ways, and was the means of saving very large sums of money. I will furnish particulars if desired by the Commission. Colonel Allison received no remuneration for these services and has not even been paid his expenses.

If the Commission wish any details of this I have them at my hand and will be glad to insert them here.

Sir WILLIAM MEREDITH: Perhaps you had better read that at the moment.—A. All right. I might say that they will explain two or three matters already before the Commission.

(Reading) Shortly after the Shell Committee commenced to make inquiries with reference to the manufacture of time fuses, I was informed that the prices demanded were between \$5.50 and \$6.00. I urged the necessity for a reduction, and was afterwards informed that Dr. Harris of the Standard Asbestos Company had offered to supply the No. 85 fuse at \$5.60 for one million lots. This proposal was cabled to the War Office on the 21st of March, 1915 (47). The reply (25th March) was that they preferred the number 80 fuse, and that "the price is very high indeed" (48). Further negotiations enabled me to cable on the 29th of March, a quotation of \$5.00 for "American design with aluminum body and brass time rings filled complete, adjusted to same weight as No. 80 fuse" (48). On 17th April a quotation was received from Dr. Harris of \$4.90 for five million No. 80 Mark V fuses. (308).

In taking these dates I am merely following the record.

(Reading) Previous to this stage of the inquiry, I communicated with Colonel Allison and asked him if he could not get a better offer. I afterwards suggested to Colonel Carnegie to put himself in touch with Colonel Allison (327,354,5,1419) and also with General Drain and a company at Wilmington, Delaware. There was then only one set of men with whom a contract could be made, namely, those associated with Dr. Harris (popularly known in New York

[Sir Sam Hughes.]

as the Tobacco people). We saw the advantages to be derived from the introduction of a competing group, not merely for the purpose of obtaining a reduction in the price, but also with a view to subsequent contracts. Those advantages are obvious.

It was through Colonel Allison that the combination of Messrs. Cadwell, Bassick and Yoakum was formed, and I have always believed and still believe the reduction in the Harris price to the eventual \$4.50 was due to the entry of these men as competitors with Harris (311,328). The fact is probably difficult of absolute proof, but of the present existence of the competing company—the American Ammunition Company, incorporated by Cadwell and his—

Sir WILLIAM MEREDITH: "Associates."—A. Yes, that should be "associates."

(Reading) The fact is probably difficult of absolute proof, but of the existence of the competing company—The American Ammunition Company incorporated by Cadwell and his associates—of the existence of the splendid factory which has been erected at Paulsboro, and of the advantage to the British Government of that existence, there can be no doubt.

I had no knowledge of the relationship between Yoakum and Allison, of the interest of Allison in any commission to be earned by Yoakum, or of the payment to Allison by Yoakum of a share in the commission agreed to by Cadwell, Bassick and Yoakum, until after Mr. Kyte's speech in the House of Commons on the 28th of March last; I had no reason to suspect the existence of any such relationship; and if I had been aware of the fact, it would not have affected my action. In other words, believing that the price asked by the Harris people was too high, I would have suggested to Colonel Carnegie to communicate with Allison, or any other reputable person, with a view to its reduction, whether I knew or did not know that Allison or other broker, if successful, would be entitled to a commission from the persons whom he got together. The point with us was reduction in the price and speedy delivery; and I believed that competition would affect both. What the persons who got the contract intended to do with the money, when they received it and the work was done, was not for one moment considered.

The evidence establishes, and I believe it to be true—

Mr. JOHNSTON: Now, that part of it again is a mere matter of hearsay.

Sir WILLIAM MEREDITH: He says, "the evidence establishes and I believe it to be true."

Mr. JOHNSTON: It is also a conclusion drawn from the evidence already given. That paragraph down to (329) I object to on the same ground.

Sir WILLIAM MEREDITH: That is put in this shape, as far as his opinion goes, and as far as he believes. That statement, "the evidence establishes"—

Mr. HELLMUTH: Supposing he just says, "I believe it to be true."

Hon. Mr. DUFF: The other is better, you know, "so far as his opinion goes and as he believes."

Mr. HELLMUTH: "So far as my opinion goes."

Sir WILLIAM MEREDITH: "—and as I believe, Colonel Allison took no part."

Mr. JOHNSTON: Then a little further down the evidence also establishes.

Sir WILLIAM MEREDITH: That can go out too, again the same correction, "as far as my opinion goes and as I believe."

Mr. HELLMUTH: "So far as my opinion goes and as I believe, Colonel Allison took no part whatever in the negotiations."

The WITNESS: "So far as my opinion goes and as I believe it to be true—"

Sir WILLIAM MEREDITH: "As I believe."

The WITNESS: "So far as my opinion goes and as I believe, Colonel Allison took no part whatever in the negotiations between the Committee and the promoters of either of the United States companies (312). His only connection with either of the two contracts was his instrumentality in getting the Cadwell people together and in introducing them to Colonel Carnegie (329)."

Mr. JOHNSTON: This witness cannot say that.

Sir WILLIAM MEREDITH: That is qualified in the same way. "His only connection with the two contracts being his instrumentality."

Mr. HELLMUTH: Then, the next sentence, strike out, "the evidence also establishes."

Sir WILLIAM MEREDITH: "As far as my information goes and as I believe, the committee was not, nor was Colonel Carnegie"—

Mr. HELLMUTH: Quite so.

The WITNESS:—"the committee was not, nor was Colonel Carnegie, influenced in any way by Colonel Allison in making the contracts with the United States companies, or either of them. (329.)"

"Mushroom companies.—It has been objected that the two United States companies to which the fuse contracts were given were 'mushroom' companies; that they were organized for the express purpose of taking the contracts; that they had no capital, buildings, or plant; that their organizers were mere 'promoters,' having in view nothing but profit through the sub-letting of the work; and the committee have been blamed for not negotiating directly with the manufacturers."

Mr. JOHNSTON: The next is a matter of argument down to "Scovill's final reply was." Of course that is in.

Sir WILLIAM MEREDITH: Suppose you strike out, "the sufficient reply is, that there were no manufacturers to go to."

Mr. JOHNSTON: If he swears to that, it is another matter.

The WITNESS: I will go a little further if you cross-examine me on that.

(Reading) "There were no manufacturers to go to, that is as to time fuses, the War Office required the production of the No. 80 fuse, which had never been made in the United States; that the committee desired to substitute the No. 85 fuse; that the War Office would not agree; that there was only one company (the Scovill Manufacturing Company of Waterbury) in the United States which was (May, 1915) successfully manufacturing the No. 85 fuse (75)"—

Of course this is not my own personal knowledge but the knowledge from evidence and from other sources from which I could obtain it.

Mr. JOHNSTON: That should be qualified, then.

Sir WILLIAM MEREDITH: It has been suggested by my colleague that perhaps it would be best for you, General Hughes, when anything that you are reading is of your personal knowledge you will say so?—A. All right. How will it be if I say the other way?

Hon. Mr. DUFF: What occurred to me was that so much of this you are really speaking from official information, as I understand, and expressing to some extent opinion, or mixed opinion and fact; it would be simpler—

Sir WILLIAM MEREDITH: Take this statement: "There were no manufacturers to go to"?—A. I did not know of my own knowledge, but I knew it from Col. Carnegie and partly from my own knowledge.

Q. That was the result of your information after inquiry?—A. Yes, and inquiry.

Q. "That as to time fuses, the War Office required the production of the No. 80 fuse"—is that of your own knowledge?—A. We had cablegrams.

Q. I suppose "Which had never been made in the United States" is a matter of information?—A. Yes.

[Sir Sam Hughes.]

Mr. NESBITT: Look at page 12 and you will see he defines it.

Sir WILLIAM MEREDITH: Wherever you think you are not pledging your oath you might mention it?—A. In speaking of this “The Committee endeavoured—that one about Scovill, I did not know that of my own knowledge, but I had been assured by the best men in the United States that there were only two places making fuses, one was the Arsenal at Frankford and the other was the Scovill, which came in at the time of the Cuban War, and again making them.

Q. Of course the arsenal could not be utilized?—A. Not for us directly.

Mr. JOHNSTON: I submit this should not go to the public on record as a fact sworn to if it is not a fact sworn to. What I was going to suggest was, “Which had never been made in the United States, which I am informed and believe.”

Sir WILLIAM MEREDITH: He says more than that.

Mr. NESBITT: May I draw your attention to the foot of page 12 where he says, “I give this testimony partly from knowledge of the circumstances and partly from information obtained during the course of the present investigation.”

Mr. JOHNSTON: That is the Cadwell, Bassick, and Yoakum matter.

Mr. NESBITT: I think it refers to the whole of this sub-head.

Sir WILLIAM MEREDITH: As I understand him with regard to what you are speaking of about this Scovill Company, he says his statement there is the result of information he received, and of inquiries that he made?—A. Yes.

Mr. JOHNSTON: Let me put it this way: “The sufficient reply is”——

Sir WILLIAM MEREDITH: That is out.

Mr. JOHNSTON: Put it: “As I am informed and believe there were no manufacturers to go to.”

Sir WILLIAM MEREDITH: Or do you state that as a fact?—A. It is a fact there was not a manufacturer of fuses in Canada nor an institution that Col. Carnegie could get that he thought was suitable to manufacture them.

Hon. Mr. DUFF: He is stating those facts, as I understand it, as facts within his official cognizance, as the result of inquiries made by him officially?—A. Yes.

Sir WILLIAM MEREDITH: Suppose when we finish that let that statement be made that that statement is the result—A. May I point out to your Lordships that we had tried a considerable time, Carnegie and others, to get these fuses made in Canada; we could find no place where we could get them located at all.

Mr. JOHNSTON: That was Mr. Carnegie could find no place?—A. I made some too.

Q. Then is it so you knew of the Scovill Manufacturing Co. of Waterbury of your own knowledge?—A. I had been assured of it by the very best men in the United States.

Q. This is, you were informed and believe——

Sir WILLIAM MEREDITH: Would not it save time for him to read the memorandum, and then when you come to cross-examine get that out; would not that be the most satisfactory way?—A. Then this 100 fuse contract I leave that out entirely.

Sir WILLIAM MEREDITH: No, do not alter what is there.

Hon. Mr. DUFF: Some of these statements are statements that you make, as I understand, from your own personal knowledge?—A. Yes.

Q. And other statements are statements which are made as the result of information which came into your possession officially?—A. That is right.

Q. Consultation with others, and so on?—A. Yes; but the graze fuse I do not know the first thing about it.

Mr. JOHNSTON: The suggestion of Sir William Meredith would not be quite satisfactory, because this would appear on the record perhaps twenty or thirty or forty pages away from the explanation.



Sir WILLIAM MEREDITH: "There were no manufacturers to go to", is that the result of your own knowledge or of information obtained?—A. I am prepared to back that statement up.

Q. "That as to time fuses, the War Office required the production of the No. 80 fuse"?—A. Yes.

Q. That is matter of fact?—A. Yes, telegraph.

Q. "Which had never been made in the United States"?—A. Or in Canada.

Q. Or in Canada?—A. Yes.

Q. That is from your information?—A. Not one was ever made in Canada yet that we have ever heard of.

Q. "That there was only one company in the United States which was successfully manufacturing the No. 85 fuse"?—A. I am assured by the best persons in the United States.

Q. That is not of your own personal knowledge?—A. No.

Q. "That the Committee endeavored (by the personal application of Col. Carnegie) to induce that company to undertake the manufacture of the No. 80 fuse"?—A. That is information from Col. Carnegie.

Q. "That the reply was that they were under contract for their whole capacity to the Bethlehem Steel Co."?—A. Sub-contract.

Q. "But would endeavor to obtain release"?—A. Yes.

Q. "That Scovill's final reply was (5 May):

"Our customer insists on our full capacity for fuses. We will therefore be unable to consider Carnegie's proposition further"—that is information?—A. Yes. The last part, I may say about that 100 graze fuse I know nothing about, I never heard of that until I came back from England last year.

Hon. Mr. DUFF: You are giving a resume of Col. Carnegie's evidence?—A. Yes, and I am not—

Sir WILLIAM MEREDITH: It is not evident on the face of it—"That as to the No. 100 fuse (a contact or detonating fuse) which the War Office desired for the high explosive shells, they were a new type of graze fuse of which Col. Carnegie had not heard until the arrival of the War Office cable of 10th May."

Mr. JOHNSTON: My objection is not to that.

Sir WILLIAM MEREDITH: We have gone through every one of these.

Mr. JOHNSTON: We have gone down to Scovill's final reply was 5th May; I was not objecting to the other part, the bottom part.

Sir WILLIAM MEREDITH: I have gone through all that with the witness?—A. But I do not want to be held responsible for giving anything more than knowledge after the event.

Sir WILLIAM MEREDITH: Which is that?—A. That 100 fuse.

Hon. Mr. DUFF: He only gives that from Colonel Carnegie's evidence?—A. Yes.

Q. The other matters I understand you either knew personally or knew from official knowledge gathered at the time?—A. That is right.

Q. In the execution of your official duties?—A. That is right.

Sir WILLIAM MEREDITH: That is what you explain in a note at the bottom of this page?—A. Yes. This 100 fuse when I came back from England last year I heard of this 100 fuse, this cheap graze fuse. I immediately made inquiries, asked Colonel Carnegie and the Committee, and from the explanation and practically with this that I have gleaned since are the explanations given of the whole matter.

Sir WILLIAM MEREDITH: Will you designate what is the report you got from them?—A. The whole of this 100 fuse is the report.

Mr. HELLMUTH: I would suggest that as to the 100 fuse, contact or detonating fuse that he should then put in something the information which I acquired, or something of that kind.

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: That is all at the bottom: "I give this testimony partly from knowledge of the circumstances, and partly from information obtained during the course of the present investigation."

Mr. EWART: He has said that, and it will appear in the record, you see, with that.

Mr. JOHNSTON: I am quite satisfied.

A. What I want to see is to separate my own knowledge from the others.

Mr. JOHNSTON: That is just the objection I am making; perhaps it is more a practical objection than a legal one, and that is that in this document which will be printed there should appear in close contact with it the parts which he says are his own knowledge and the parts which only came to him from information or belief. If that is done so that there is a context as it were, my objection would be met; my objection being that if this goes in as it stands, and apparently as a bald fact, or fact sworn to, the explanation is so far removed from this that the explanation would really be of no benefit to the reader?—A. Might I explain a word; the point I want to bring out is this, there are certain matters here that I had knowledge both personal and hearsay, if you choose to call it, before the event, and there were other things that I had knowledge of personally and by hearsay after the event; that is what I want to distinguish.

Sir WILLIAM MEREDITH: Could you tell us what part of this was reported to you upon your return to Canada?—A. All this about the 100 fuse.

Sir WILLIAM MEREDITH: All this on page 13?—A. I am at the bottom of page 12; I have not read down to page 13.

Sir WILLIAM MEREDITH: Oh, I see it is double paged.—A. That 100 fuse is evidence I obtained on my return from England.

Q. Is that the report made to you when you made inquiries?—A. When I requested an explanation why this cheap fuse had been let at \$4, when I heard all sorts of rumours about it, this is the explanation that was made to me.

Hon. Mr. DUFF: I would like to get that according to your recollection of it, and is that, as put in there, a statement of the effect of that report?—A. Yes, and also irrelevant matter that I did not put in.

Q. Because the report that was made to you by the Shell Committee is matter which you can speak of upon personal knowledge, you can speak by the report of your own personal knowledge?—A. This is the report that was given to me: "That as to the No. 100 fuse (a contact or detonating fuse), which the War Office desired for the high explosive shells, they were a new type of graze fuse of which Colonel Carnegie had not heard until the arrival of the War Office cable of 10 May."

Sir WILLIAM MEREDITH: Let us understand, all this you are now reading is, unless where you otherwise say so, the report that was made to you upon your return upon making inquiries?—A. Yes. "That there was no company in the United States which had ever manufactured the loaded No. 100 graze fuse or in fact a loaded graze fuse of any kind; that the committee's only method of procedure, therefore, was to discover a group or groups of men who would undertake the enormous hazard of unaccustomed work, upon an immense scale involving very heavy capital expenditure; that early in the year, Dr. Harris, (a member of what is known among the New York multimillionaires as the Tobacco people) presented himself as representing a set of capitalists who were willing to enter into negotiations with the committee; that, as the necessary means of associating themselves together, Dr. Harris and his friends obtained incorporation as The International Arms and Fuse Company and entered into a contract with the committee; that the company forthwith proceeded to and did erect the largest (524) and (ranking equally with the building of the American Ammunition Company.)—

Hon. Mr. DUFF: Just a moment; you are not on the report now; you have passed that, have you not, with regard to the 100 fuse?—A. Yes, but it is all one sentence.

Q. Would you indicate just the end of that, where the summary of the report ends, because it is obvious when you get to the Harris Company you are not dealing with the graze fuse?—A. I must have left out something, because I had something that the cost in England was \$3.60 for the same fuse; I do not find it in here at all.

Q. That is for the graze fuse?—A. Yes; as justification for their price, the English being at \$3.60.

Q. Do you think they reported that to you at that time?—A. Yes, they had found it out when I got back.

Q. What time was that?—A. Late in September or October, they had found that out.

Q. I see, but perhaps you will go into that report more fully again, will you?—A. Yes, I will.

Mr. HELLMUTH: I understand we are to be at liberty to ask questions on this.

Sir WILLIAM MEREDITH: Whether you are at liberty or not you will certainly do it.—A. "Dr. HARRIS and his friends obtained incorporation as the International Arms and Fuse Co. and entered into a contract with the Committee; that the company forthwith proceeded to and did erect the largest (524) and (ranking equally with the building of the American Ammunition Co.) the best fuse loading factory in the world"—

Mr. JOHNSTON: That is hearsay?—A. I have heard it repeatedly, and it is only hearsay. I have not seen it, although I may say I have been asked several times to go and see it, but I never took time to go. "That the advances made by the Committee to the Company were amply secured by the bond (144) of the Guarantee Trust Co. of New York, (the wealthiest company of its kind in the world); that, in addition to the amount advanced by the Committee, the company expended, before it received any payment for delivered fuses, about \$2,300,000; that not a dollar of the advances was paid out in commissions, and not a dollar was used in any other way than in preparation for work; that, being dissatisfied, during the negotiations with Dr. Harris, with the price he demanded, I recommended the Committee (as already stated), to communicate with Col. Allison; that by his means a second group of men (Cadwell, Bassick, and Yoakum) was formed; that Cadwell, Bassick, and others were incorporated under the name of the American Ammunition Company, and entered into a contract with the Committee; that the company proceeded to and did erect a factory equal in quality to the International Arms and Fuse Co.; that the whole amount of the advance made by the Committee to the Company was secured by the bond of the same Guarantee Trust Co.; that not a dollar of it was paid in commissions to anybody; that apart from the advances, the company expended upon the work approximately \$1,555,000, and incurred obligations amounting to \$445,000 (745). I give this testimony partly from knowledge of the circumstances, and partly from information obtained during the course of the present investigation."

That is the point I want to be clear; that some of it was obtained since the event occurred.

Mr. JOHNSTON: Is the part you have learned since the event personal knowledge, is that the ground you put it on?—A. No, some of it I have learned since; for instance about this 100 fuse, I have heard that from hearsay.

Sir WILLIAM MEREDITH: I suppose this statement as to what these companies have expended is all information?—A. That is evidence that I have heard in the court. Of course I had assurances that they were spending big sums of money. (Continues reading statement):

"Canada: The charge that American manufacturers were favoured at the expense of Canada I resent more strongly, if possible, than the innuendoes as to my personal conduct, for, among the many mistakes which I may have made and probably shall make, no one will ever be able to point to discrimination against my country.

[Sir Sam Hughes.]

Mr. JOHNSTON: That is hearsay.

Sir WILLIAM MEREDITH: That is from the bottom of the heart is it not?

Hon. Mr. DUFF: That is prophecy.

A. (Continues reading statement):—

“The Shell Committee owed its origin, as has already been pointed out, to a desire that the shells referred to in the early cables from the War Office should be made in Canada rather than in the United States. Every possible effort was made to develop Canadian capacity to engage in what was to our people an absolutely new line of business. By the 7th of April, Sir Robert Borden was able to say to Lord Kitchener that one hundred and forty-six Canadian manufactories were “now engaged upon the work.” The two contracts for fuses were given to the United States men only because that part of the work—very much the most difficult—could not be done in Canada so expeditiously as necessary. The fuses were required parts of 5,000,000 complete shells which the committee had agreed to supply to the War Office. The other parts of the shells were made in Canada. The fuses cost about \$22,000,000. The other parts cost about \$70,000,000. Without the fuses from the United States the other part of the work would not have been done in Canada.”

Mr. JOHNSTON: Or in Canada—without the fuses from the United States or from Canada—

Mr. HENDERSON: Whose statement is this?—A. I do not know whether it is necessary to give any explanation to Mr. Johnston's remark.

Mr. JOHNSTON: Do you think they could not have been got elsewhere than in the United States—“Without the fuses from the United States the other part of the work would not have been done in Canada”?—A. I have every reason to believe, the only firm I heard any reference to as being able to make them in Canada had never heard—

Q. You mean fuses?—A. Yes.

Q. This seems to be rather misleading; “The other parts of the work”—that was the other parts of the shells, not the fuses?—A. The other part of the work would not, because we had to take the contract for completed shells, you see, and without the fuses the shell is not complete; those were the conditions, and the only conditions upon which we could obtain that order.

Mr. JOHNSTON: I see what you mean.

Hon. Mr. DUFF: What you really mean is that the Shell Committee could not have undertaken the order for the entire shells without the letting of these contracts for fuses in the United States?—A. That was the idea.

Q. You are looking at it from the point of view of the time when the contracts for fuses were let?—A. No harm telling what occurred at the time. We had been asking for shells, could not get them, and everybody knew we had no means for making fuses in Canada; suddenly we got orders for five million complete shells, which means fuses, and on reflection we came to the conclusion in as much as American organizations were very powerful with Britain, and for various reasons there seemed to be a desire to cater to the United States—they felt sure of Canada, I suppose,—I may as well be frank—I may say we came to the conclusion that they did not want us to touch them at all, and the only means of getting seventy odd million dollars of work in Canada as we thought was to get the fuses made in the United States.

Hon. Mr. DUFF: Your statement is a little ambiguous, and it is capable of interpretation to your disadvantage?—A. I see what you mean.

Q. In point of fact very few of these fuses have been made down to the present time?—A. Yes, but this is what we thought at that time.

Q. You are speaking from the point of view at the time the contracts for fuses were made?—A. How would it do to say, without the fuses from the explanation I then considered—

Q. Your explanation will cover it?—A. "The benefits derived by Canada from the activities of the Committee are by no means limited to the mere temporary expenditure of money upon materials and wages. Upon this point exaggeration would be difficult, but, as my language might be thought to be strained, I prefer to quote from Mr. Hichens's report of 29th November 1915:" which is already in.

Mr. HELLMUTH: I do not think it is in?—A. I shall read it then.

Mr. JOHNSTON: The report might be filed.

Mr. NESBITT: I think the report is in.

Mr. HELLMUTH: I have no recollection of that report.

Mr. NESBITT: The long letter you read.

Hon. Mr. DUFF: There is a letter written by Mr. Hichens at the time of the dissolution of the Shell Committee which was put in by Mr. Hellmuth some time ago.

Mr. HELLMUTH: If it is in, it is in.

Sir WILLIAM MEREDITH: What is the object of taking up time discussing it? If it is not in he can read it, and if it is in no harm is done by having it a second time.

—A. It is only a short one:—

"There are now some 320 firms in Canada manufacturing shells or their component parts, and in the short space of fourteen months the Shell Committee, with the active encouragement and support of General Sir Sam Hughes, have developed the largest industry in the whole of the Dominion. They have been the means also of bringing into being certain important industries subsidiary to shell making which will have a permanent effect in developing the resources of the country. For example: copper has hitherto been produced in the form of "matts" and sent to the United States for refining. Arrangements have now been made for the refining to be undertaken in Canada, and a new plant will shortly be in operation which will give an impetus to the copper mining industry of the country. Similarly, Canadian zinc ores which contain about equal quantities of lead and zinc, have hitherto been shipped from Canada in the raw state. Owing to the demand created by the war orders and the encouragement of the Shell Committee, the electric refining of zinc is now being developed in Canada on a commercial scale, and this, together with the derivative industries connected therewith, will, there is good reason to believe, now be established on a permanent basis in Canada. Brass will also shortly be made in the country on a considerable scale. A great impetus has likewise been given to the manufacture of explosives; nitro-cellulose powder, tri-nitrotoluol and sabulite are now being produced on a large scale and at moderate prices. Canadian competition has resulted in keeping down the prices of these commodities, and has enabled the Shell Committee to effect large economies. Important fields of industry have thus been opened up in Canada as a result of the activities of the Shell Committee. It would be outside the scope of this letter to suggest that the time has come when the question of these new industries, and those derivative from them, which owe their origin to the great demand for munitions of war can best be developed and encouraged so as to form a permanent part of the industrial fabric of Canada, but no doubt your Government is fully alive to the situation. As a result of the war industries set in motion under the auspices of General Sir Sam Hughes and the Shell Committee, an army of 100,000 skilled mechanics and workmen has been maintained and trained in Canada. They are a permanent asset to the country, and the skill which they have acquired will be of lasting benefit after the war in building up the commercial prosperity of Canada.

[Sir Sam Hughes.]

The principal omission from this statement is the fact that, prior to the war, basic steel had never been used in the manufacture of shells; that basic steel was practically the only steel produced in Canada; that Col. Cantley, a member of the Shell Committee, undertook at his own expense, in the works of the Nova Scotia Steel Co.; of which he was Vice-President and General manager, a series of experiments which resulted in giving to basic steel the requisite physical and chemical properties; that he was completely successful; that the War Office sanctioned the use of his production; and that, without that sanction, shells would not have been made in Canada. (468).

I may say, incidentally your Lordships, that we were told at the beginning of the war when they ordered that 100 tons of steel, that we must get our steel, the crucible acid steel from the United States or England, or wherever we could get it, and we realized that Canadian steel was fit for steel rails and other public utilities, and as a matter of fact I had never heard of basic and acid steel before. We investigated, Col. Cantley made very elaborate experiments, with the result that the War Office tests of our shells proved that they were fully superior to any of the acid steel manufactured.

(Continues reading from statement): *Non-Interference with Committee*, Having perfect confidence in the ability and integrity of the Committee, I made no attempt to superintend or revise their work. I attended but two of their meetings—one for the purpose of organization and the other when the Committee was being dissolved. My time being very fully occupied with the enlistment, the equipment, the transportation, and the training of troops, familiarity with the work of the Committee would have been a physical impossibility. Of its work I had, as Col. Carnegie has expressed it, but a "passing knowledge." My injunctions to them were of the most general character and may be summed up in these words: speed, prices, Canada.

There is not the slightest shade of truth in the assertion that, through the influence of Col. Allison with me, the Committee was induced to make the contracts above referred to, or the contract with the Edward Valve Co. or any other contract. I knew only in a general way of the negotiations with the United States companies for the manufacture of fuses. I never heard of the Edward Valve Co., or of any negotiations or contract with it, until the month of October (the contract was on the 9th July) when an application was being made by the company for an extension of time for deliveries.

I may say in that regard a very nice gentleman, solicitor for the company, I forget his name, called on me one day and said that the contract had been cancelled; I had never heard of the contract and knew nothing about it, or the manufacture of these cases. However, I referred him to General Bertram, and I understand from what I have heard that Mr. Flavelle has given him an extension of his work.

(Continues reading from statement): "In the settlement of prices at which contracts were to be established I took no part whatever. General Bertram and Col. Carnegie were experts upon the subject, and General Pease, the expert ordnance adviser of the War Office, who was in Canada as representative of the War Office"—he was also in the United States chiefly—"was in full consultation with these gentlemen in connection with the letting of the fuse contracts to the United States companies, and also in connection, I understand, with the Edward Valve contract, as the evidence discloses."

*British commendation.*—The splendid work of the committee has been recognized and generously acknowledged by the British authorities. In an interview given to the press just before returning to England, and after he had been working with the committee for several months, Mr. D. A. Thomas (the representative of the Imperial Munitions Board) is reported to have said as follows"—

Sir WILLIAM MEREDITH: That seems to be a little outside?—A. It is in *Hansard*.

Sir WILLIAM MEREDITH: It is a newspaper report, and newspaper reports are not always accurate; generally they are.

Hon. Mr. DUFF: We had Mr. Hichens' letter, why not this?

Sir WILLIAM MEREDITH: Do you wish it in?—A. I might say that Lord Rhondda's statement was prepared by himself; he read it to me before he gave it out.

Hon. Mr. DUFF: We had a letter that went in yesterday in which I think there was some criticism by Mr. Thomas of the Shell Committee; I do not see any particular reason why it should not be read.

Mr. JOHNSTON: This ought not to go in as a statement made by the witness.

Sir WILLIAM MEREDITH: No; that is a statement which he says Mr. Thomas made to him.

Mr. JOHNSTON: That is not admissible on any ground whatever. I have not objected to the other, because I did not wish to take technical objections, but surely the newspaper report, which is presumably true, if it is properly reported—perhaps Mr. Thomas was making statements that he believed to be true, but this commendation or his encomiums upon what the Shell Committee did should not be allowed here.

Sir WILLIAM MEREDITH: Are you not a little late after Mr. Hichens' letter is in?

Mr. JOHNSTON: No, if I do not object to Mr. Hichens' letter it is on another ground; Mr. Hichens' is a little different; Mr. Hichens' is an official report.

Sir WILLIAM MEREDITH: I do not know that I can anticipate what the argument would be, but the suggestion has been made that this Shell Committee was superseded because Mr. Thomas was dissatisfied with the course that they had adopted. Surely it is only fair that Mr. Thomas' statement with regard to the matter should go in.

Mr. JOHNSTON: I have not heard anything of that kind myself.

Sir WILLIAM MEREDITH: I thought it was the golden thread running through the whole of this business.

Mr. JOHNSTON: No, there has been no evidence upon that point at all why they were superseded.

Mr. NESBITT: No evidence, but suggestion.

Mr. HELLMUTH: What I understood the General to say was that Mr. Thomas had read this to him beforehand; if that is so it is a statement I suppose coming from Mr. Thomas. I understand the Commissioners have admitted those letters that passed between Mr. Thomas and the Shell Committee.

Hon. Mr. DUFF: The letters I may say from my point of view were perhaps admitted on a different ground—no object in discussing it now. It may be that in technical strictness possibly this may be objected to, but on the other hand considering the way in which the thing has been carried on, and the sort of thing that has gone on I cannot see any objections?—A. I am not at all particular; Mr. Thomas and I crossed swords a little in the matter at a certain period in the game, and I was more than delighted that he had got his eyes open and was capable of writing this statement before he left to the Old Country.

Sir WILLIAM MEREDITH: What you say is that you got this from Mr. Thomas?—A. I read this before it was in print; if I might be permitted to say a word in this regard, the only reason I bring it in is this, that statement has been currently and unsatisfactorily passed up and down the Dominion of Canada that Mr. Thomas came here clothed with some supernatural power and wiped this Shell Committee out—nothing of the kind.

Mr. JOHNSTON: We have nothing to do with that?—A. It is part of the genesis for your being.

Mr. JOHNSTON: Oh no.

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: I think this discussion might as well stop; we have ruled that that can be read.

Mr. JOHNSTON: Will the Commissioners rule that General Hughes's reply to Mr. Thomas should go in too.

Sir WILLIAM MEREDITH: If there is a reply?

A. My reply was not to this. I will be glad to put them both in. Mr. Thomas made a speech in Montreal that I presume was not correctly reported. I replied to that speech. I will be delighted to put those in if you want them.

Mr. JOHNSTON: You are not as generous as the Commission, who thought they might be sometimes correctly reported?—A. I am only supposing he was not correctly reported.

Mr. JOHNSTON: I think we ought to have the reply?—A. There was no reply. (Continues reading from statement—Press interview of Dr. D. A. Thomas):—

Canada was doing fine, both in her contribution of men and munitions, to the needs of the Empire in the great crisis, and with the orders that had already been placed, and the further very large orders that were now being allocated, the capacity of the Dominion though not fully utilized, would be heavily drawn upon. He estimated the value of these orders would amount in the aggregate to something approaching \$500,000,000, or over \$40 per head of the population in Canada. This with the enormous grain crop that had just been harvested in the west, would spell industrial prosperity for Canada for some time to come. He referred to orders placed for all the supplies and not for munitions only.

Referring to the criticism that had been made on the work of the Shell Committee, Mr. Thomas said his relations with that body had been of a most friendly character, and, while it would be idle to deny that they had not always seen eye to eye on questions of policy their differences had not been in any sense of a personal nature. He considered that the committee had done excellent work under most difficult and trying circumstances, and that they, and more particularly General Bertram, their chairman, had placed the country under a heavy debt of obligation. General Bertram had worked like a Trojan night and day, and had given his services freely to the state without fee or reward.

The Shell Committee was doing an enormous business, the size of which was hardly recognized by the public. It was probably the biggest business in the Empire to-day. It had grown enormously, almost out of recognition, indeed, since its inception twelve months ago, and when the small orders first entrusted to it were given out. Under these circumstances, the official announcement made by the Prime Minister on Friday last, that he considered the time had arrived when the Committee should be reorganized would cause no surprise.

If I may interject a word there, it has not been brought correctly, in justice to the Shell Committee: this Shell Committee was not disbanded through any fault of theirs. The Shell Committee has, as is shown here, done good work, but our allegiance was to the War Office in England, and all this class of work has been changed from the War Office to the Munitions Board under Mr. Lloyd George in England, and accordingly here we were holding, so to speak, our charter from the War Office, dealing with another body, the Munitions Board in England; therefore from that point of view that is from English viewpoint, the business viewpoint, it was advisable or necessary that there should be some change made in our procedure across the water. The next step was, that when we began the only experts we had on measuring up this sort of thing, were a very few men here and there in Canada, our own men, from the arsenal and others, but by this time in place of having some half dozen or a dozen men who were experts in directing the establishment and



authorization of these things we had thousands, and I believe tens of thousands of them, so that the expert end of the Board might very properly be disposed of, and the technical officers like General Bertram and Col. Carnegie be kept on, while upon the recommendation of Mr. Hichens to the Prime Minister a special Commission was appointed under Col. Carnegie to look into the question of the development of our mineral resources with a special reference to Canada and their use in the war.

(Continues reading from press interview of Dr. D. A. Thomas):—

He is bound to say that he considers the criticisms that have been levelled against Colonel Cantley and other manufacturing members of the Shell Committee have been unfair and have been based on a misconception of their functions. The executive work of the Committee has been discharged by General Bertram, latterly with the help of Colonel D. Carnegie. These two gentlemen have been responsible for advising the Imperial authorities in the matter of prices, and also for the allocation of orders, after authorization in respect to covering prices and quantities have been received from London. Colonel Cantley and the manufacturers on the committee have acted only in an advisory capacity, and in this way their technical knowledge has been of great service. Further, Colonel Cantley has expended considerable sums in experiments on shell steel, and the results of the experiments, Mr. Thomas understands, been freely placed at the disposal of other manufacturers.

If I might digress here, all these men when there were new industries, rival industries, every one of those manufacturing concerns sent men already skilled to help in the establishment of works in other parts of Canada, and thus helping on the work.

(Continues reading):—

Another fact should in fairness to the Committee be made public, and it is this: General Bertram has in the allocation of orders for component parts made very substantial savings on the covering prices for complete rounds authorized by the Imperial Government. These savings already amounted to a little short of fifteen million dollars, or nearly ten per cent of the total amount of the orders to which such savings refer. Another point which Mr. Thomas would like to emphasize is that, in his opinion, General Bertram has shown himself singularly free from party bias and has not let himself be influenced by party considerations in the placing of orders.

Might I say here in reference to that that my life was made miserable by charges from the Conservatives all over Canada that Bertram was playing into the hands of the Grits.

(Continues reading):—

He has distributed the orders for the smaller shells in lesser quantities, and over a wider field than Mr. Thomas, looking at the matter from the British taxpayer's point of view would have done, but, in that, General Bertram was guided by a wish to relieve industrial depression prevailing in Canada over as wide an area as possible.

Mr. Hichens, who succeeded Mr. Thomas, made a report to Sir Robert Borden (29th November, 1915) in connection with the transfer from the Shell Committee to the Imperial Munitions Board, and in that report he said—

Sir WILLIAM MEREDITH: That report I think is already reported.

Mr. HENDERSON: Page 406 and following pages.

Sir WILLIAM MEREDITH: Is the whole letter in?

Hon. Mr. DUFF: Yes, it is printed.

Mr. GRANT: Exhibit 262.

[Sir Sam Hughes.]

A. (Extracts from letter of Mr. Hichens of 29th Nov., 1915):—

“The Shell Committee which was appointed in September, 1914, by the Minister of Militia and Defence, to deal with the munitions orders placed in Canada by the Imperial Government, has, I think met with remarkable success in dealing with a difficult case.”

“He observed that:

“from a small beginning the activities of the Shell Committee have grown with startling rapidity and now embrace the administration of funds more than twice as large as the annual revenues of the Dominion Government. It is obvious, therefore, that the original organization needs amendment to conform to the actualities of to-day.”

“I should like to take this opportunity to point out, after a careful inquiry into the facts, that the Shell Committee has been subjected to much unfair criticism. It was, as I have said, appointed to deal with the orders of modest proportions, and from the nature of the case was intended to be educative rather than administrative. It was natural, therefore, that it should contain an infusion of steel manufacturers, whose advice and experience were necessary to the proper development of the new industry. The measure of their success can be gauged by the remarkable result achieved.”

“After a reference to the benefits which accrued to Canada from the operations of the Shell Committee, Mr. Hichens said ‘These far reaching and important results have not been achieved without the most exacting and strenuous labour, which has fallen more particularly upon General Bertram and Col. Carnegie and which a single minded enthusiasm for the cause has enabled them to sustain. Perhaps I may be allowed to add also that these striking results owe their inception and a large measure of their development to the practical zeal and the active encouragement of General Sir Sam Hughes. To conceive a big idea is hard, but to give effect to it in action demands qualities of a rarer kind. I wish, therefore, to place on record, that the Shell Committee have, for the past fourteen months been carrying on work of the most exacting and strenuous nature, and that they have fulfilled their task well.’”

“Upon another occasion, namely at the formation of the new Board, Mr. Hichens said:

“I take this opportunity of giving public recognition on behalf of the Minister of Munitions to the valuable services—

Hon. Mr. DUFF: That is one that is in.

Mr. HENDERSON: What he is reading now is at the foot of page 408?—A. (Continues): “to the valuable services rendered by the members of the Shell Committee in developing the resources of Canada or the production of munitions of war. They have been willing to lend their services during the period of development, when their experience, which has been freely given, has been of the greatest assistance in overcoming the initial difficulties. But these have now been surmounted, and the justification no longer exists for a Board of experts. At the same time it would be a great loss if the wide experience they have acquired were not made available to the new Imperial Munitions Board, and I attach great value to the assurance they have generously given that they will be willing to afford every assistance in their power to the New Board.’”

General Bertram and Colonel Carnegie became members of the new Board, and the other manufacturing members of the Shell Committee (Messrs. Cantley, Watts, and Carnegie) were formed into a committee charged with the special duty of making a report upon the production of steel and other mineral production in Canada.

As an expression of the value of the services of General Bertram as Chairman of the Shell Committee His Majesty the King was pleased to confer upon him the order of Knighthood and the British Government presented—

Mr. JOHNSTON: That is hardly an issue.

Sir WILLIAM MEREDITH: And we have heard about the \$25,000 a year to Colonel Carnegie?—A. I might say incidentally that upon the receipt of the £3,000 by Colonel Carnegie he handed it over long before this Commission started as a present to the poor of London..

Sir WILLIAM MEREDITH: Of London, England?—A. Yes, there are no poor in Canada. I will not read that.

Q. He did not tell us that?—A. No, but I heard it from England, and I asked him, and it is true. Shall I read the last line or two?

Hon. Mr. DUFF: It is not necessary.

Mr. EWART: The General passed over a statement at the request of the Commission until he finished this. Perhaps this is a stage at which that should be read.

Mr. HELLMUTH: I do not know.

Mr. HENDERSON: He was going to give details.

Mr. HELLMUTH: We can come to that.

Mr. JOHNSTON: If necessary.

Mr. HENDERSON: With regard to Col. Allison.

Sir WILLIAM MEREDITH: I do not recall what is referred to—oh yes, that document you have—

Mr. JOHNSTON: It means opening up a very wide field.

Mr. HENDERSON: That is what he is here for.

Mr. CARVELL: It is only hearsay.

Mr. JOHNSTON: It must be hearsay.

Mr. HELLMUTH: I do not know whether the statement that the General proposed to put in would be hearsay or not. I do not know what particular bearing it would have except in view of the way in which the charges have been made. The charges have been made, as I understand them, that General Hughes employed Allison to secure contractor supplies for Canada, and that these supplies brought in commissions to Col. Allison, and that the General denied that so far as he was aware at all events Allison had obtained any commissions upon goods supplied for Canada, and I thought a very considerable portion of to-day and yesterday was taken up in an endeavour to show, and perhaps in showing—it is not for me to say—that Col. Allison had been receiving commissions. I should have thought it was somewhat material to ascertain whether to the General's knowledge Allison had been instrumental in supplying munitions or getting contracts for munitions in Canada, and whether to the General's knowledge, Allison had received any commissions on such supplies. I certainly propose, whether he puts in a statement or not, to examine him upon that very question, and I should have thought it was pertinent to the inquiry we are on, because it is a question of the good faith or the bad faith of the General in the matter of Allison's supplying these contracts and getting commissions.

WITNESS: Perhaps, your lordship, I might explain what is not generally known, that there—

Mr. CARVELL: I did not take down the exact words used by Mr. Hellmuth, but it seems to me there has been a lot of misapprehension about the statements made by Mr. Kyte. Certainly Mr. Kyte made no such charge as Mr. Hellmuth has stated; Mr. Kyte simply made a speech in Parliament. Mr. Kyte referred to the relations existing between General Hughes and Mr. Allison, and he did it entirely by quoting from the records of Parliament from the evidence taken before the Davidson Commission. He commented upon it. He went next to the fuse question. He never stated that General Hughes sent Colonel Allison down to make those fuse contracts, because he did not know at the time. There was no such statement in Mr. Kyte's speech. He referred

[Sir Sam Hughes.]

to the fact that the contracts were made by the Shell Committee with these two companies. I do not propose to argue that now, that will be a matter for discussion later on. But I do not think Mr. Kyte's statements in Parliament entirely warrant the construction placed on them by Mr. Hellmuth, and it is only for that purpose that I rise to object at this point.

Sir WILLIAM MEREDITH: Was it not evidence adduced by a witness called formally by Mr. Hellmuth, but really by Mr. Johnston, for the purpose of showing that pressure was brought to bear by the Minister to induce the Shell Committee to enter into a contract that they ought not to have entered into?

Mr. CARVELL: I do not think we produced any evidence of that kind.

Sir WILLIAM MEREDITH: Mr. Harris was a witness Mr. Johnston desired to have examined, and that is the nature of the testimony he gave.

Mr. CARVELL: That may be. Mr. Kyte did not say so. I am only objecting to the statement that Mr. Hellmuth put in Mr. Kyte's mouth.

Sir WILLIAM MEREDITH: The scope of the inquiry is much wider than Mr. Kyte's statement.

Mr. CARVELL: Very much.

Sir WILLIAM MEREDITH: I thought you misapprehended that, Mr. Carvell.

Mr. CARVELL: I think there has been a great deal of misapprehension all over Canada as to what are called the Kyte charges. I will discuss that at a later stage. Mr. Kyte made no charges. He made a statement as a member of Parliament. Parliament saw fit to order an investigation. We are delighted to have it and are here to see it through. But I object to Mr. Hellmuth putting words in Mr. Kyte's mouth in the way that he is doing this afternoon. Then of course if on what might be called a collateral issue General Hughes is allowed to go into a long statement of what Colonel Allison has saved the Empire—and we know what it is, because we have had it in General Hughes' speech in Parliament, I think on the 18th of May—

WITNESS: You do not know what you are talking about.

Mr. CARVELL: It simply means that we should have the right to a long cross-examination and to bring witnesses to disprove General Hughes' statement if possible, or throw some more light upon it. Therefore it does seem to me to be opening a very wide door.

Mr. HELLMUTH: I really do not feel that I have opened up any door. There has been a long examination to-day with regard to contracts that Mr. Allison was alleged to have made through himself, through a Colonel Morgan and through a secretary, I forget his name, which I could not see had the very slightest bearing upon the fuse inquiry that we are conducting here. I said nothing because it has not been my role to attempt to interfere with the examination of any witness; I thought that every particular interest is represented here and could take objection. But I certainly have entirely misinterpreted the purpose for which this investigation was granted if it was not to inquire into the character of the action taken by the Shell Committee and by General Hughes, and if the Kyte charges, as they are called, were not intended as a reflection upon the Shell Committee and upon General Hughes, and if it was not intended that this investigation should either condemn or clear those two, one a body and the other an individual, I have entirely misinterpreted the whole purpose of this investigation.

Sir WILLIAM MEREDITH: We will leave open this question of whether what is in this Pandora's box will be disclosed later on. The rest of the day will be occupied I suppose.

Mr. HENDERSON: When you are considering that, Messieurs Commissioners, might I suggest to you that there has been reference made on more than one occasion during the course of the investigation to services rendered by Colonel Allison. I pur-

posedly refrained from having him go into that question, thinking it would come with better grace from General Hughes. I simply make that statement that you may have it in mind when you are considering this question.

Sir WILLIAM MEREDITH: We are not going to sit up all night considering this question. Now, Mr. Hellmuth.

Mr. HELLMUTH: General Hughes, you stated that at a very early stage it was understood and followed out by a formal contract that some at least of the manufacturing members of the Shell Committee should become bound to the Secretary of State for War through you?—A. Yes, all of them, the four of them.

Q. Now, at that time was there, so far as you know, any discussion in regard to possible losses or profits upon the—A. I did not hear the question raised until a considerable time afterwards.

Q. Let me bring to your mind one matter. Do you remember General Bertram and, I forget whether it was Colonel Cantley or Mr. Watts, coming to you at Valcartier when the Premier was there to ask what would happen if, as they thought, there was likely to be a loss of anywhere from twenty thousand dollars to fifty thousand dollars upon the first 200,000 shells?—A. That was before the Committee was formed—at least, I think it was.

Q. I hardly think it could have been before the Committee was formed?—A. Yes, it was the time we were discussing this, about the time that the Shell Committee "for action" was given out, about the 7th or 8th of September, I think along there sometime, we can easily verify the dates. That was the time we were considering the offer. They came to me and said "Now, in case we cannot make this thing go, where are we going to stand?" And of course I was wanting to get the shells made. I said, "Oh, it will be all right. Fire right ahead." Then the notion occurred to me, perhaps the Prime Minister would give them an encouraging word too. We wanted to get the shells started, we did not want to have these gentlemen in tribulation, so the Prime Minister was good enough to give them words of encouragement also.

Sir WILLIAM MEREDITH: I thought what he told them was, "You have not crossed the bridge yet."

The WITNESS: Yes.

Mr. HELLMUTH: That was what I may call Hughes' encouragement, if you will pardon me?—A. Those are not my words.

Q. Yours would be a little more favorable, would they not, General?—A. I assured them that no matter what happened—

Q. You would see them through?—A. Yes.

Q. I have no doubt you did.

Hon. Mr. DUFF: They were your Shell Committee?—A. They had just been appointed that day.

Mr. HELLMUTH: Then from that time on, General, there was no discussion until the time, I don't know whether it was November, December or January—A. I think it was late in November.

Q. Whatever time it was. There was no discussion further, as I understand from you, until General Bertram told you that there was likely to be a profit of fifty or sixty thousand dollars, whatever it was, and he asked how it would do to send it over to the Patriotic Fund?—A. That is right. As a matter of fact I rarely saw him; he was in Montreal, I was in Ottawa.

Q. That is your recollection of it. From that time on—I am not going over it again, it is here in this statement you have given us—you never conceived the idea at all events that the individual manufacturers were going to make any claim to the profits themselves?—A. They never pretended that to me.

Hon. Mr. DUFF: Would it not be a little clearer if we understood definitely from General Hughes whether an official assurance was given by him? I do not mean in [Sir Sam Hughes.]

writing, but whether an assurance was given by him, as Minister of Militia, to them that they would be indemnified against loss?—A. I don't think I gave them any written assurance, but I did say to them, possibly in my own vernacular, to go right ahead, and so far as I was concerned I would stand between them and any loss whatever.

Q. So they would be indemnified against loss?—A. Yes. I felt that the honour of the British Government would be involved, and as they were fixing the prices if there was any loss they would see it through.

Sir WILLIAM MEREDITH: In what capacity were you speaking, as Minister of Militia, or as representative of the War Office?—A. I was hustling at Valcartier at the time and had not time to consider.

Hon. Mr. DUFF: You had not a lawyer then?—A. No.

Mr. HELLMUTH: You should have had that embarrassing lawyer at your elbow?—

A. At all events we got the shells.

Q. Now, I wanted to find what date it was, General, that you went to England?—A. In 1914?

Q. Yes?—A. I sailed a day or two after the Contingent sailed. I went down to Gaspé Basin to see the Contingent off, and I left Ottawa I think the first week in October.

Q. When did you get back?—A. About the middle of November some time.

Q. Did you go again in the spring?—A. 1915.

Q. When was that?—A. The 3rd of July I think. No— yes, I think about the 3rd of July.

Q. Who was it to whom you spoke about seeing Colonel Allison, which member of the Shell Committee was it, Colonel Carnegie or General Bertram, about getting the price down for fuses?—A. You mean this fuse business?

Q. Yes, I am coming to the fuse business?—A. May I tell the story about that without a lot of questions?

Q. You are not going to tell it over again exactly as you have it here?—A. I will tell more than you have there. The fuse question arose with me. I knew that fuses were being wanted, I knew the British Government were starting to use bombs.

Hon. Mr. DUFF: That was independent of the five million order?—A. Yes, that was independent of the five million order. I knew they were starting to use these bombs along the trenches and they must have fuses for them. I knew the bomb institution had been devised in Canada, I had the honor of devising it myself, and they are using to-day large numbers along the line. Fuses were wanted for these, and I spoke to a great many people from Canada, these gentlemen from the Dominion, hundreds, I say that advisedly, would come asking for shells, and I would refer them to General Bertram, but I would say "What is the use of bothering about shells? Bertram has none. Why not go into manufacturing fuses?" They all poh-pooed the idea, they could not do it. Then I found later on when these gentlemen, when General Bertram and the Shell Committee got inquiries from Britain about fuses, I found that Dr. Harris and some friends of his had undertaken to get up a company, and their price I remember was \$5.50. About the same time Mr. Bristol, of Toronto, spoke to me about some firm in Wilmington, Delaware, I think the Fenn people.

Q. Yes.—A. Their price was \$5.60. I told them both when I saw them that their price was absurd, that the net cost of this fuse in England before the War, including a royalty of twenty-four cents, that is a shilling, to some German inventor I understood, was much lower, and allowing one hundred per cent profit, they should make that fuse to my mind for \$4 or \$4.25, along there I thought, and told them right straight through. I always wanted the manufacturer to get a fair profit, but not to rob the British Government, because I knew the British Government was going to have its hands full in getting money before the War was over. For that reason I wanted the fuses kept down in price. I also got in touch with General

Drain, a great friend of mine in the United States, on the fuse question, and I never knew until it came out in evidence that the two companies were one and the same. I thought I was working the Drain Company off against the Bristol Company, balancing one against the other. The first I heard about it was here. I also made inquiries into this Courtenay Bennett outfit.

Q. Dowler, Ryan.

Mr. HENDERSON: Dowler, Forbes.

Mr. HELLMUTH: Dowler, Forbes and Ryan.

—A. I also made inquiries into that outfit and found that it was to all intents and purposes a fake scheme run by Pinkerton detectives in the pay of Germany, and I also found other interesting facts which could be brought out in connection therewith. So I dropped that, I had nothing to do with that. I spoke to Harris and asked him if he could not bring his price down. He could not bring it down, he said. He made all the excuses that these gentlemen are capable of making. I do not blame him a bit. At the same time he was doing the bidding and we were doing the dealing. The price has not been brought out here, but I remember a price of \$5.10 was fixed for sometime, then it came down to \$5 for a certain class of fuse, and then down to \$4.90. It stuck at \$4.90, I could not get below that. I felt it was outrageous to pay that price. I told Bertram and told Carnegie without any consultation, I only met them a few times, "That is an outrageous price for fuses. Can't you break them?" Finally when I could not get them broken early in April or thereabouts I rang up Allison on the 'phone one day and asked him, "Cannot you smash that Harris outfit on fuses?" Speaking of that matter. Mr. Patterson came up and called on me and told me that he had—I just want to say this in justice to my friend Colonel Allison—that he had been anxious to meet me for a long time and had requested Colonel Allison to give him a letter of introduction to me some time before, but I had been away and he did not get it. Patterson came up in May. After they had come down to \$4.50 I was fighting for \$4 or \$4.25. I never knew until I returned from England, although I had signed the document—I trusted the lawyers on that occasion and the Shell Committee. I said: "Is everything right from the legal viewpoint?" And Mr. Orde said it was. I asked General Bertram if everything was right from the contracting viewpoint and he said it was. So I signed it. I never knew until I returned from England that it was raised to \$4.50. I think the minimum of \$4.25 was the one come to, but when we did get them down to \$4.50 we held them there. Further, I think it can be proved in evidence that the Harris Company the very day that Bassick and his people—Patterson was along—I don't remember who was along—came to Ottawa and concluded with the Shell Committee the price at \$4.25 minimum and—I forget how the letter read, but that very day the Harris Company came with this expert officer of theirs who was here giving evidence, a distinguished gentleman, a very fine officer, Colonel—

Q. Birnie?—A. Colonel Birnie, I understood came to Montreal to raise the price of \$4.50 that they had previously offered early in May, on the ground that it was impossible to make it \$4.50, they must make it back to \$4.90 again.

Hon. Mr. DUFF: You say you understood that?—A. Yes.

Q. Where did you get that information? Because the evidence so far is not consistent with that?—A. I know.

Q. Do you remember who told you that?—A. No, I do not, only I may tell you frankly that the Shell Committee gave me to understand at that time that this gentleman, Colonel Birnie—I only met him a couple of times, he is a very expert officer—told them it was impossible to make it \$4.50.

Sir WILLIAM MEREDITH: Is there not some confusion there? They agreed to take \$4.50, but Colonel Birnie told them it was a mistake and they ought to get \$4.90?—A. And he came up that day to tell the Shell Committee.

[Sir Sam Hughes.]

Q. That is not the evidence?—A. I know; but it was the evidence given to me at the time, that they came up to raise it to \$4.90. I consulted with Bertram and told him I thought they were getting a very big price as it was at \$4.25, that if they could hold them down to \$4.25 that was a very large price for such a large number as two million.

Mr. HELLMUTH: Had you known Dr. Harris before?—A. I had met him casually. I had nothing against him.

Q. I am not asking whether you had anything against him or not, I am just asking if you had known him before?—A. Yes, casually.

Q. Did you go to him or did he come to you?—A. He came to my office one night with General Bertram.

Q. And that of course would be either in March or early in April?—A. I could not place it at all.

Q. You spoke of Canadian manufacturers or mentioned something about them. Did you have any talk with Colonel Watts about the Canadian General Electric or the Canada Foundry Company?—A. No, my talk was more with Fred Nichols—Colonel Nichols.

Q. Did you have a talk with Colonel Nichols about making fuses?—A. Yes. Early in the game away back in December or early in November after I came back from England. I tried to get Colonel Nichols into the business. That has been recited here and I need not go over that again.

Q. You did try?—A. Yes.

Q. You did not meet with any success?—A. The Shell Committee was all right with him, but I thought with Nichols that if he was going to undertake an experiment of that kind he should have had everything guaranteed, the cost of the machinery and everything else; but we could not get any guarantee, for anything other than a good big price for the shells.

Q. For the fuses you mean?—A. For the fuses. I thought he was entitled to be absolutely recouped for every dollar put out in that business in as much as it was an experiment.

Hon. Mr. DUFF: This proposal to Colonel Nichols was on a different footing, was it not?—A. Yes, only for a twenty thousand order. That is what I say.

Q. I mean you are not confusing that with the five million?—A. No, we indicated all that.

Mr. HELLMUTH: The General has gone over a great deal—

Sir WILLIAM MEREDITH: His view was that the Shell Committee ought to have been more liberal in dealing with Nichols.

WITNESS: No, it was not the Shell Committee; it was the War Office.

Hon. Mr. DUFF: That was the point. This was not a contract for parts at all?—A. No.

Q. A contract for fuses separately.

Mr. HELLMUTH: I want to get at the initiation of this fuse business. You had from the War Office a guarantee to any manufacturer that they would give whatever the actual cost was of the manufacture of the twenty thousand fuses?—A. Yes.

Q. But that guarantee would not extend to paying for the machinery?—A. That is right.

Q. That would be necessary to manufacture the fuses?—A. And I thought it should cover the machinery.

Q. And therefore, may I say, you entirely approved, or at all events did not in any way disapprove, of the attitude taken by Colonel Nichols, that he was not going to take the enormous financial risk of starting any machinery of that kind in that way?—A. That is right.

Q. Now, did you see any other Canadian manufacturer at all in reference to installing a plant for the manufacture of fuses?—A. I spoke to a great many people.



For instance, Colonel Lafferty has explained about my speaking to those Montreal people. I also spoke to these people and to others when I met them around the country, I would say, "How about fuses? Why not go into fuses?" They were clamoring for shells. General Bertram had no shells to give them. They would bore him at Montreal, then they would come to Ottawa, and I would say to them casually, "why not turn to fuses early in the game?" But none would touch them.

Q. Then did you know anything about the Northern Electric Company?—A. Just casually.

Q. Did you know that there had been a suggestion from them? I forget the date of their letter, but it is in now.

Mr. EWART: What letter?

Mr. HELLMUTH: The very earliest letter. I just wanted to find if you knew about it?—A. Nothing special, only hearsay.

Mr. EWART: The 15th of February I think.

WITNESS: I may say that I did not know them by the name of the Northern Electric Company.

Mr. HELLMUTH: Did you know of any offer before you asked General Bertram or Colonel Carnegie or Allison to get in touch or see if they could find any one? Did you know of any offer or any arrangement that might provide for fuses at less than \$4.90 at that time, May 1st?—A. No.

Q. And you say that you yourself were not aware at all of the fact that graze fuses were to be let?—A. I never heard of that class of fuse being asked for in Canada.

Q. No. I mean did you know it at the time when the contract was signed, that one-third of them were graze fuses?—A. No.

Q. So as a matter of fact then you could not have read over the contract before you gave your signature to it?—A. That is one time I trusted to the lawyers.

Q. No, I do not think the lawyers are going to take that responsibility on that occasion. You know it has been told here how you came to endorse it, that the American Ammunition Company wanted to have someone to confirm the contract, and that you signed it?—A. I was telephoned to go over and sign a contract. I said "What am I wanted for?" They said over the phone that the company thought I had better sign it. That I represented the British Government, and that the Shell Committee had no corporate existence, or something of that kind, and their particular—

Q. You did not get as careful a lawyer as Mr. Orde to read it over to you, apparently?—A. I looked at the two places where I had to sign, signed it, and got out.

Q. You left very shortly after to go to England?—A. Yes, I left for England early in July.

Q. When you left for England in July—I want to get this quite clear, General—were you or were you not aware that there had been a contract let for one million six hundred and sixty-six thousand of graze fuses?—A. I never heard of it in any shape, form or manner until my return.

Q. That is what I want to get?—A. All right.

Q. So as a matter of fact you knew nothing about the graze fuses until after these contracts were made?—A. Never heard of them. I might say here, Mr. Hellmuth, that the first meeting—I think it was in May, one of these meetings about the 24th of May—I was talking that day with some of these gentlemen, I don't know whether they are all here, and the price asked on that day was \$4.25 to \$4.50. They were going to come down to \$4.25 if they possibly could, and I had no notion that it was changed back to \$4.50 until I returned from England; but I never interfered, I had no right to.

Q. That was in regard to time fuses?—A. Yes.

Q. That was the only fuse you knew of?—A. Yes.

[Sir Sam Hughes.]

Q. Had you any talk with either Mr. Russell or Mr. Lloyd Harris in regard to making fuses?—A. Yes, I had.

Q. When was that?—A. If you will allow me I will tell that story. I went into it very particularly here. I went to New York the latter part of April. I don't know what date, but it was the day before the Russell Company changed its name. Anyway, I was the means of stopping the gentleman going out by detaining him, and he is living to-day. I was in New York. I met Colonel J. Wesley Allison and we had breakfast together that morning. I had seen as I went in Mr. Russell and Mr. Lloyd Harris sitting in the rotunda of the Manhattan Hotel. After I came out from breakfast Lloyd Harris came over to me and spoke to me, and said he wanted to have a conversation with me. I said, "All right, come and sit down." I started over to sit down in the rotunda. He said, "No, I want to have a private conversation. Can't you go to your room?" I said, "I am only here for the day and have not taken a room yet." Allison spoke up and said, "Take my key and go to my room if Mr. Russell wants a private conversation with you."

Q. Mr. Russell?—A. Mr. Harris; Mr. Russell did not come. Mr. Harris and I went up to this room that Allison gave us the key of. We chatted there a while. He says here in his evidence that he spoke when he was down there about machine guns. He never mentioned machine guns in any shape or form. He did mention to me, "I want to get your influence to secure me a slice"—I think he said a slice—"of this twelve million Russian order for shrapnel shells around here." I had seen in the paper and heard this stuff about twelve million shells floating about in the air. I said "Where can you manufacture them?" He said he could let them out here and here, mentioning places in the United States, and in Canada, some in Hamilton and some in Toronto. I said "If you are wise you will give Russian shells the go-by, because they will skin you on the inspection if you don't play the game as they want you to. I would give them a wide berth." But he said, "Oh, I think we can make them." I said "Where would you make them in Canada?" He said some place in Hamilton, I think, and the Russell Works in Toronto?" He said yes, he and Russell were together on this deal. I said "I don't think there will be anything in shells whatever, why not turn your attention to fuses if you are going to get into this?" He said "What are they?" I said "I don't know a thing about it. Go and see Bertram and the Shell Committee. They will explain and give you details and plans." He said that was a little risky. He thought they could handle the shells better. That concluded the interview. He pressed his hands lovingly on my back and said, "You help us with this and we will not forget you." I was a little surprised when Mr. Lloyd Harris said he had heard from some German in Philadelphia about fuses. Although he wrote Sir Robert Borden that I was the one who put him in touch with fuses first in New York in April, I was very much surprised to hear his evidence here that he had heard from some German in Philadelphia and that Tom Russell wrote me a letter and asked about fuses.

Q. This is in April?—A. April, the day before the *Lusitania* sailed.

Q. Well now, did you have any conversation with Mr. Russell?—A. Some one rang me up over the telephone. I did not know that it was Russell or I would have closed the phone off. I thought it was Harris speaking to me about shells. He asked me some question or another. I said I did not know a solitary thing about them, to get after Bertram and to scratch gravel. I made some such suggestion to him when I talked to him over the phone.

Q. Is that all, so far as fuses are concerned, that you had in the way of conversation with either Russell or Harris?—A. I never spoke to them again. I never heard from them until this thing came up here this fall.

Speaking of men, I would like an opportunity at some place in this investigation to say how I got in with Harris and Russell and these gentlemen at the beginning. I think it is only fair that I should have an opportunity of showing that, as it has been referred to a great many times.

I employed Russell in the early part of the War to select motor lorries for me. I thought he could do it more expeditiously, and I was surprised at an investigation by the Public Accounts Committee, in which Mr. Carvell took an active part for a time and then dropped it, to find that Russell had been charged with getting some of those trucks at 25 off, and getting them at 10 off.

Sir WILLIAM MEREDITH: Do you think we should go into that?

Mr. HELLMUTH: No. I was confining it to the question of fuses.

Q. I want to know if you have told me all you had to do with them, so far as fuses were concerned?—A. I never had another word with them about it.

Q. Did you have anything to do subsequently in July, the 17th or thereabouts, with a contract the Russell Motor Car Company got from the Shell Committee?—A. I never heard of it I think until the first of this winter.

Q. So you would have nothing to do with that?—A. No.

Q. Consequently you would know nothing of what information General Pease might have obtained in the United States as to the prices of these fuses?—A. Nothing whatever.

Q. Had you met General Pease out here?—A. Oh, yes.

Q. You said he was an Ordnance man?—A. He was an Ordnance man for the British Government at Morgans.

Q. Can you tell me just what position he held, or whether he had any official position, first in Canada, in regard to munitions?—A. Well, this is only hearsay, you know, but I understood they sent him out to take general supervision of both the Morgan work and the Shell Committee work here.

Q. May I put it this way, that he came out really from England to act as a sort of inspector and adviser?—A. I think he was the head man. I really do not know his position.

Q. May I go so far as this, that his opinion and his advice would necessarily carry considerable weight with the Shell Committee of Canada?—A. Oh, yes.

Q. And with you?—A. No. I would not pay any attention to him.

Q. I forgot. I won't ask that question.—A. But with the Munitions Board, certainly. I had nothing to do with him. I trusted my Shell Committee. I trusted Colonel Carnegie before all the rest of the world—Colonel David Carnegie—before all the rest of the world.

Q. What you would pay attention to would be, what Colonel David Carnegie said?—A. I never deviated from a recommendation made by him, in my life.

Q. What you really desire to convey (I don't think you did, and I am quite ready to have it put before others as I see it) was not that you would not pay any attention to any Ordnance adviser?—A. Oh, no.

Q. But you would pay attention to Colonel Carnegie, having that confidence in Colonel Carnegie you would not pay attention to General Pease?—A. That is very different. I would naturally stand by Carnegie. At least my own judgment would lead me to do that.

Q. At all events, you know of no quarrel with General Pease and the Shell Committee?—A. I never heard of it. The last time he was here he came around to their office. I only saw him three or four times.

Q. At all events, I notice you say here that so far as the Shell Committee was concerned you did not—may I put it this way, that you had not run out; you let General Bertram do it?—A. I was at two meetings, the organization meeting a couple of days at Valcartier, when things were done in rather a chance fashion, when I told them to get a move on, and the other was when I wound it up.

Q. Did you pull strings; I mean this, that it would be quite possible without attending meetings to have the Shell Committee do what you desired to have them do, if you choose to exercise that influence?—A. Any one who knows General Bertram or Colonel Carnegie or Colonel Watts would know that Sam Hughes would have very

[Sir Sam Hughes.]

little influence with them if he ran counter to their ideas. I did in Montreal try with General Bertram's full knowledge, inasmuch as I felt I was a representative and the trustee for the War Office, to take an interest in seeing that the accountant of the Bank of Montreal looked out that all payments were regular. When payments were being made at the early part of the Shell Committee's organization, I refused to have any money placed to my personal credit. I was told it was the custom, in the war of 1899 and 1900 for purchasers in Canada to have money placed to the credit of the Minister of Militia for his department, and with the Minister of Agriculture for his department, for horses, etc. I refused to mix up the accounts of the Militia Department with my own, and gave general supervision to the work, but as to the accounts, it was arranged that the money should be placed to the credit of the Shell Committee from the start. That is another reason that might be adduced to show that the Shell Committee were acting as trustees and not as contractors—I am only advancing that idea—but that money was placed through the Finance Department to the credit of the Shell Committee.

However, I did feel this, that I wanted to show that everything was right, not that I had the slightest mistrust, but thought the accounting might be left in the hands of men not as responsible as he and who might be looked after, and he was quite agreeable to that. It was afterwards arranged to have Mr. Borden, of the Finance Department, placed on the Shell Committee.

After I came here I felt the thing was growing to such a tremendous size that I thought it better to look after the finances, and audit the accounts right along. I went to the Prime Minister and told him what I thought of the matter. I had previously spoken to General Bertram and Mr. Riddell. That was all the interference I had directly or indirectly with the Shell Committee in that regard. Until the middle of May I rarely saw them.

When they, that is, Colonel Carnegie and General Bertram came to Ottawa they would drop in and spin yarns about how people were wanting to make shells. I saw them only two or three times until this time when these Americans came in, when the \$4.25 minimum and \$4.50 maximum were arranged for.

Sir WILLIAM MEREDITH: That would be the time he drew inspiration from the Minister of Militia.

The WITNESS: That was afterwards. I thought Mr. Riddell's appointment was in June, but I am not sure.

Hon. Mr. DUFF: Prior to that it was the accountant of the Bank of Montreal who did the work he is doing now?—A. Yes, sir.

Q. But at that time it was entirely under the control of the Shell Committee?—A. Yes, it was entirely under the control of the Shell Committee. I would not touch it.

Mr. HELLMUTH: As a matter of fact, I am instructed (I may be wrong, if so perhaps you can put me right) that the English Government placed the funds with the Minister of Finance?—A. By my arrangement.

Q. And then the Finance Department paid it over to the Militia Department and the Militia Department paid it over to the Shell Committee?—A. That is right.

Q. But now it goes, or towards the end it went direct from the Finance Committee to the Shell Committee without going through the Militia Department?—A. Yes.

Hon. Mr. DUFF: I was only asking as to where the substantial power of control was.

Mr. HELLMUTH: With the Shell Committee?—A. Absolutely.

Q. The Militia Department as a department never attempted to exercise any control over that English money?—A. They never attempted to exercise any control over it. I positively refused, owing to the fact that I knew there had been a lot of talk

in 1899, and irregular work, and I was not going to have it mixed up with the Militia Department or with my personal accounts.

Q. We have gone a little afield, I am afraid. I was asking you in reference to your active connection with the Shell Committee, and I understood from you that in regard to finances you did what you have told us, and that you subsequently got Mr Riddell appointed to take it over, and had Mr. Borden appointed a member, so in that way you did intervene to some extent in the constitution at least of the Shell Committee, and in the way its finances would be handled?—A. Right.

Q. I want to ask you whether, in regard to the contracts the Shell Committee made with the subcontractors (if I may call them that) for component parts of shells, or other munitions, you took any part in that?—A. I never, directly nor indirectly, knew who had a contract or who had not a contract. I positively refused to know. I declined ever to have it discussed or let it be discussed with me. It was none of my business, and I wanted to keep clear when parties came to me to pull wires with General Bertram, to be in a position to say that I had nothing to do with it.

Q. You have been here in the course of this investigation, and have heard General Bertram say that at the outset, before Colonel David Carnegie came into the matter at all, he himself fixed the prices at which the component parts should be allotted or allocated to different manufacturers, and that consequently each manufacturer, whether he was one of the Shell Committee or not, had the same price for forgings or steel, or whatever it might be—you heard that evidence?—A. Yes.

Q. Did you know anything about that?—A. I heard it, or read it.

Q. But what I am asking you is, did you know that that method had been adopted, at that time?—A. Yes. We talked that up before the committee was formed, as to how General Bertram would work it.

Q. But did you take any part in fixing the price?—A. Never.

Q. Did you go to the arsenal that day on which the prices were got for the making of the shells?—A. No. I was only at the arsenal one day, that was the day I think we were questioning whether they could make them or not, whether they could undertake the contract or not. That was some time before the price was fixed.

Q. There was a day on which some members of the Shell Committee went, if I remember correctly, to the Arsenal and found out the actual price or cost to the Arsenal of making these shells that they were making?—A. I don't think that was done in a day. If I remember right, I kept nagging at them to get a move on.

Q. Did you go with them?—A. No. I went to the Arsenal on the day they were finally organized, but I had nothing to do with the prices. I forget what we really did talk of, that day.

Q. The first order was for 200,000 18-pr. and 200,000 15-pr. shells?—A. 100,000 of each, not 200,000.

Q. You are right. The 200,000 of the two, the price quoted and agreed upon with the War Office was \$8.55. Did you know of that price?—A. I think General Bertram telegraphed the price, although I would not say for certain at all. The prices were telegraphed or furnished to me, and I cabled them to Lord Kitchener, because the Committee was not then ready.

Q. I assume the cable went through. But had you anything to do with the fixing of that price?—A. Not a particle.

Q. You had not?—A. Not a particle.

Q. Did you know that 11 cents of that price was being added, that is, to \$8.44, 11 cents was added in order to cover organization and other expenses of the Shell Committee?—A. I don't think I ever heard of it until it was brought out in evidence. It was not my business, anyway.

Q. You were not then being consulted as to how the Shell Committee was to be able to run?—A. No, I refused. If I anticipated that General Bertram or Colonel Carnegie went wrong or if anything went wrong I wanted to be in a position to put my

[Sir Sam Hughes.]

thumb on General Bertram, big as he is, and to say that it was his business. And to-day I am in a position to say, when I want an explanation, that I have never interfered in any way in the slightest, directly or indirectly.

Q. You have told us that you went at times to get prices lowered?—A. On fuses.

Q. Was that the only thing?—A. The only thing, and then only because I thought the prices were robberies.

Q. So that really the fuse matter is the only one, we may take it, in which you interfered with the question of prices for component parts of an order?—A. I did not interfere in that way, only to let General Bertram have my view.

Q. It was not intended at all offensively?—A. To let both Colonel Carnegie and General Bertram see. I think I told them what I understood of the prices in Great Britain for the 80 mark 5 fuses, I told them what my understanding of the cost was, and allowed them 100 per cent on the War Office prices, but it was not sufficient, those American gentlemen claimed, and they put it up to \$4.50.

Q. How much did you say they were in Great Britain or what your information was?—A. My figures were the net price, not the price they charged us for them. They charged us \$2.60 or \$2.70 for inspection, boxing, etc., for them, but the net cost price of the time fuse, 80 over 5, might go less on less than one million in England. I have had evidence that the price was \$1.90 before the War, the net cost to the manufacturer. But that does not include the overhead charges. These gentlemen explained all that to me.

Hon. Mr. DUFF: You based your estimate of what the prices ought to be here, on a 100 per cent addition?—A. 100 per cent over that, and for great quantities. A million is an enormous quantity to make, and I thought \$4.25 would be absolutely fair price, and I did not interfere with them. They could have let them at \$6, for all of me. I thought they should try and cut it down.

Mr. HELLMUTH: You are speaking of time fuses loaded?—A. Yes.

Q. You said \$1.90?—A. That was the net manufacturer's price in Woolwich Arsenal.

Sir WILLIAM MEREDITH: You said, before the war?—A. Before the war, yes, sir.

Hon. Mr. DUFF: Is there not a little misunderstanding between "price" and "cost"?—A. I should say cost.

Q. The manufacturer assuming the capital investment, making no allowance for that, and \$1.90 was the actual cost to the manufacturer?—A. Yes, sir.

Mr. HELLMUTH: But they were being made in the Woolwich Arsenal?—A. We got them for \$2.70. I can find out the exact price for you.

Hon. Mr. DUFF: The Government here got them for \$2.70 each, from the Woolwich Arsenal?—A. Yes, sir, including boxing.

Mr. HELLMUTH: You are speaking of the fuses as manufactured in the Woolwich Arsenal, no allowance being made for the cost of plant, the buildings or the factory, or whatever you call it?—A. That is absolutely correct.

Mr. CARVELL: \$2.26 was the cost. I had the invoices in the House of Commons on the 9th of March, and I noticed that \$2.26 was the price.

The WITNESS: I think there was boxing, and 50 per cent added for inspection, which brought it up something higher.

Sir WILLIAM MEREDITH: You can get the exact figures?—A. Yes, sir.

Mr. HELLMUTH: You said "before the war"; was there an advance, or a decrease in the prices after the war started?—A. I figured that up on my own hook. I got a couple of mechanics to figure it up for me. I found that the cost of material, except powder (I did not know what that would cost) had practically doubled in cost, and I could not see how they could get them up to \$6.

Q. Would you expect to get them at the same price after the war started as before the war?—A. No. I allowed them 100 per cent.

Sir WILLIAM MEREDITH: Supposing you were estimating the cost to the Woolwich Arsenal after the war started?—It would be much higher.

Mr. HELLMUTH: You were not allowing the 100 per cent on the cost of them to the Woolwich Arsenal after the war started, but 100 per cent on what you believed to be the cost to the Woolwich Arsenal before the war, when the material was much cheaper?—A. Yes, that is right.

Q. Another matter about the Shell Committee. Did you take any part, and if so, what part, in directing the Shell Committee to give orders to or to take supplies from certain firms or individuals?—A. Never, directly or indirectly.

Q. I suppose as long as human nature is human nature people will come to the Minister of Militia who are desirous of obtaining contracts or dealings, unless he is very irascible, when they might be frightened?—A. I never knew there were so many manufacturers in this country.

Q. They did come to you?—A. Yes, hundreds of them, and thousands of them.

Q. You must be a little bit careful about the numbers.—A. Not a bit; hundreds and thousands.

Q. Hundreds of thousands?—A. Hundreds and thousands.

Q. I thought you said hundreds of thousands?—A. It looked like it. Both General Bertram's stairs and mine were piled full of them.

Q. General Hughes, did you (I have to find out if it is so and in what way you did) use your influence, or did you use any influence with the Shell Committee in regard to contracts?—A. None whatever. What I did with those gentlemen was after suggesting that they should join the forces and go to the front and fight, that I would rather get them in there, if they still persisted in talking shells I said I had nothing to do with it. Then they would ask would I give them letters, and I said no, but that I would take a card and put "Bertram" or "General Bertram, please see Jones," or whoever it was, "S.H." General Bertram has quite a stack of these cards. A personal friend of mine saw twenty-three gentlemen pass in before him who hadn't any of my cards. In fact I knew General Bertram didn't want to be bothered and I did not want to bother him with people. I let them stand on their own merits.

Q. You say a man would come and ask you, and you would give him a card which read "General Bertram, please see So-and-So"?—A. Yes.

Q. Did you carry that any further; did you write personal letters to General Bertram?—A. I never did.

Q. Did you do that to Colonel Carnegie?—A. No. There was no use trying.

Q. Did you take any of those gentlemen over to the Shell Committee yourself?—A. Never. I never was in the Shell Committee's room here, I don't think. I don't think I was ever in his office but twice or three times.

Q. Were there any private marks on the cards you sent to the Shell Committee?—A. No. I sent over half a dozen fellows from my own county. Nobody from my own county got a contract until contracting was about over. I never got a contract in my own county, so I could not have had much influence with the Shell Committee.

Q. Perhaps you do not want to favour your county?—A. Don't I?

Q. Well, seriously, did you exercise any influence?—A. Never.

Q. Let me finish the question—either upon the Shell Committee or the members of the Shell Committee to induce them to give contracts to anybody you might know?—A. Never, in any form or manner.

Sir WILLIAM MEREDITH: Or to refrain from giving any?—A. No, certainly not. There was only one instance I ever even consulted General Bertram about an individual contract, and that was the time Sir Wilfrid Laurier wrote or called, and General Bertram called me up at the hotel, and I said, "I hope you gave him a contract," and he said he did, and that was all there was about it.

Q. Did the Shell Committee, or the members of the Shell Committee come to you to ask you in regard to contracts that they proposed to give or parties to whom they

[Sir Sam Hughes.]

intended to give contracts?—A. Never. They were in Montreal until the end of May.

Q. But they were in Ottawa?—A. I was out of the city, inspecting camps.

Q. But did they do it?—A. Never. I was not going to put myself in that position. No man in Canada, from the Prime Minister down, can say that I ever asked a favour of him. I am in a position to say to General Bertram whatever I have to say about his contracts.

Q. I don't suppose I can say, on that branch of it, that I can follow it up any further.

Hon. Mr. DUFF: You have not asked him whether or not he had a black-list.

Mr. HELLMUTH: I will ask that question.

Q. Did you ever mention any names to the Shell Committee as to people you did not think they should give contracts to?—A. I never gave them the names of any persons to whom they were to give contracts, or to whom they were not to give contracts. I was never mean enough to stoop to blacklist a man. Why, I would not black-list even Mr. Carvell.

Q. Tell me now just exactly what you said, as far as your recollection will serve, to Allison in reference to getting together, or trying to break the prices, getting together a combination or trying to break the prices?—A. I think this would be a very opportune time to explain my relationship with Allison. I think it is only fair to Colonel Allison and to the country and to myself that it should be known.

When war broke out, the British were ordering goods in the United States and Canada, but could not get them shipped. No manufacturer in the United States would take contracts directly with the British, French, or Canadian Governments. They had to have them shipped to some neutral person. One person that occurred to me was Allison. He lived on the border, and—I may as well say it out—with the full connivance of the Government we practically smuggled thousands of dollars and millions of dollars worth of goods for the British Government into the country. First we brought them all by boat to Allison's sister-in-law or sister in New York, or Washington, and she would ship them to Allison. In place of getting credit for all this, they have sought to depreciate the man. These goods were shipped from his island when ready, to Canada. Allison, by an arrangement with the railway corporations in the United States—and incidentally I would like to show Mr. Hellmuth and Mr. Johnston and the Commissioners some correspondence upon that matter—by arrangement with the railway companies of the United States those goods were shipped in big orders to some point in New York, they were then re-shipped, and by arrangement brought into Canada in bond by the individual Allison until he went away to England, and they were then shipped on to England. Allison discovered that these goods might just as well be labelled something and shipped from New York, so we saved the circuitous route and the expensive freight and had them shipped from New York in British bottoms or American bottoms or any bottoms we could get going across to England. One year after we had been running it that way the Honourable Mr. Harcourt, the Colonial Secretary, was explaining to me the great trouble it was to bring over materials in that way. I explained that for nearly a year Allison had been shipping direct from New York through Allison's arrangements.

Later on that period of shipment ceased. The British Government kept wiring me for twenty-five million rounds of rifle ammunition, two hundred thousand rounds of shrapnel, supplies of clothing and saddlery and everything of that kind. Well, I was skinning my own skunk, and I decided that some one had to look after this business for them, and both then and now I would turn to one man above all others. I picked Allison and General Drain as representatives of this Commission. I reported to the Prime Minister that I thought—and I think for foreign purchases and British purchases and other purchases in the United States—that the proper plan was by commission such as this, get the best business men we could get, pay them a small



commission a half per cent or one per cent, or a straight salary, and that these men should have all the stuff referred to them, but naturally under my Director of Contracts.

I also proposed the same thing for my own department, and incidentally I may say here I was at Valcartier, and made the proposition to the Prime Minister, and my ideas were misunderstood, and a sub-committee of the Privy Council of Canada was formed under the head of the Minister of Trade and Commerce, and I have no hesitation in saying that it did not work.

Allison meantime set to work at my request to obtain prices on all these lines of goods in the United States. I had notified him to go ahead, that I was going to recommend him to the British and the Canadian Governments—and I did so. Meantime he went ahead and obtained options and prices on a great many lines of materials that the British Government wanted, and it was a pretty hard clip to him to find that he was side-tracked and wasn't running it.

Then a ring in New York—I don't want to be bitter, but in justice to Colonel Allison and myself I want to say this—a ring of British agents or sub-agents in New York set to work publicly and privately to defame everybody who was not working with them, and we have had some of the trash brought up here to-day that emanated from Sir Courtenay Bennett's hirelings in and around New York. Allison was sought to be discredited, because having started in to get these options for the British Government, it was found out that he was not carrying them out, and it was said, "Here is a fellow who has been posing as the agent of the British Government and has been thrown down." Telegrams were sent around repudiating him, I met them in London, Paris and New York.

Hon. Mr. DUFF: The telegrams you mean?—A. The telegrams, yes. Colonel Allison meantime had obtained options on my suggestion which if carried out would have saved the British Government—a very few of them—upwards of one hundred millions of dollars, and if continued a year or two, much more.

When the game was up I said, "That ends it, I am much obliged for your intentions, scratch gravel on your own account now, go on with your own broking."

I had offers of rifle ammunition in response to this seventy-five million request from Lord Kitchener; I had offers from the Peters Company—I am not hiding anything, I do not believe in hiding anything—of \$42.50 for a thousand rounds. I knew that it was absurd. I had offers from Flint & Company of \$40. Flint is an influential broker in New York City, and I understand—this is only hearsay—that he had a grip on every munition exporter in the United States, and twenty per cent is his toll. I do not know what he pays for it, if he pays anything for it. That is the gentleman who was offering these cartridges at \$40. I would not conclude with him, and they boasted that they had control of every cartridge factory in the United States. After beating around with Flint & Company's agent, a young fellow called—I can't think of the name—

Mr. NESBITT: Grant?—A. Grant, yes. I refused to let him into the place until he gave me a lower figure. He finally came in one day in great excitement and gave a figure of \$37.50, and left all his cipher correspondence on my desk, and has never called for it. That gave me an insight into the fact that there was some considerable profit in this thing at \$37.50.

I sent for Allison and said "Can't you smash this ring?" In three days he arranged a meeting in the Adirondack Mountains—we had there the Colt Pistol man, Colonel Skinner, one of the finest men in North America—we met some very distinguished gentlemen whose names I am not prepared to mention, but I will mention them to Mr. Johnston and to Mr. Hellmuth, and we got that price down to \$33, the lowest price that Britain has bought any munitions for since that time or long before, saving \$4.50 a thousand on that ammunition, or in the evening's work saving \$373,500 on the lowest deal we could get in the United States.

[Sir Sam Hughes.]

That is only one instance. Another is in the Colt's guns. We got pistols at \$18.50. Russia bought two hundred thousand, and Canada on a tuppence ha' penny order gets the same price exactly. I held out for a discount and wanted a trade reduction. He said, "There is no trade reduction to Governments, they don't have to pay duty. The merchant has to pay duty and his price, duty paid, into Canada would be \$19 and something, but we cannot ship them direct to you. I think the best way is to ship some to Mr. Brown, the Director of Contracts, and some to Mr. Allison." I am only speaking from memory now. The next thing he said, "If you want a commission to anybody on this stuff, you will have to let the agent add it on. If you want fifty cents you will put the price in at \$18.50 and you will pay him \$19." That is the way it was done by the Liberals in 1900. The \$15 revolvers were sold with \$1.50 added on. That is in the Auditor General's report.

Hon. Mr. DUFF: That had been the practice?—A. Certainly, that had been the practice, ten per cent commission on everything, but we refused to have any commission. As far as Canada was concerned Allison declared that not one cent would come out of the pockets of the people. I mention this in justice to the position that I put Allison in at the beginning of the war, and the unfortunate position that he was placed in by being thrown out—not thrown out—because I made the mistake of not submitting the names of my committee to the Cabinet because I expected that I would be back and was detained at Valcartier.

Mr. HELLMUTH: You have spoken about commission to Allison. Colonel Allison has said something in reference to your saying that he could take a commission. What do you say in regard to that?—A. Allison was—I do not want to use an offensive terms—he was sort of "sloppy" about the war, thought that everybody should put everything in at cost prices. Most people have this philanthropic idea about everybody but themselves; he was foolish enough to have it about himself. He did not like to charge anything except bare expenses. I said, "I don't know why you shouldn't, when you find people in New York buying at a hundred and fifty and selling at a hundred and fifty-eight and holding their heads high, and traders buying the same things for a dollar and paying four commissions, 112½, 125, 137½ and 140 and putting them in to agents in England at a cheaper price"—I didn't see why he should not get a commission, don't see it yet.

Q. He says that you said there was no objection to his taking a small commission. Do you remember using those words?—A. Yes, I do, I didn't see any reason why he should not.

Q. Was there any commission arranged between you and him in regard to any orders that you were giving?—A. Not one cent. On the contrary, if he had wanted it I would not have allowed it, but he was the first to say that none would be asked. I was running the show—

Q. Was there other supplies apart from this ammunition?—A. Ammunition for Britain?

Q. Yes, did he get a commission on that?—A. I don't know anything about it, only what he said the other day. I hope he did.

Q. I think he said he didn't?—A. Oh, I don't think so. If I heard aright he said, "Not at that time."

Mr. GRANT: He said he did get a commission later.

Mr. HELLMUTH: Did you know of that?—A. Never, until the other day. It was none of my business. The question was asked this morning as though I had a right to control Allison. I have no right to control him any more than I have you.

Q. I am glad to say that you haven't any great right in that respect. Did you know of any commissions that he was getting?—A. Never heard of it until long afterwards.

Q. I understand that, I am speaking of at the time.

Now, a letter was put in here that Colonel Allison wrote to Mr. Rufus L. Patterson, and another letter that he wrote to the Dowler, Forbes people I think it was, in which he said that he would not take a commission from anybody in connection with their tendering for fuses. You understand the letters I mean?—A. Yes.

Q. One of those letters I think you read in the House of Commons?—A. Correct.

Q. Now, I asked Colonel Allison when he was in the box why he had not told you afterwards when he received the commission, or his right to the commission from Mr. Yoakum. Did he advise you?—A. He did not, why should he?

Q. You must not put questions to me, you have no authority to do so whatever, and I do not propose to answer them. As a matter of fact he did not?—A. He did not.

Q. And at the time that you read that letter to the House did you know that he had shared a commission with Yoakum?—A. I never knew he got a commission until I landed in New York, and never heard of it until I landed in England that Kyte and the outfit had made charges in the House.

Hon. Mr. DUFF: Would you mind asking about what time it was, Mr. Hellmuth, that the arrangement was made with Allison with regard to the purchase and the commission he was to get—

A. There was no arrangement ever that he was to get a commission.

Q. I understood—?—A. That was early in the war, I should say September, 1914.

Q. You understand the arrangement I refer to. It was dissolved in 1914?—A. Before I went to England.

Sir WILLIAM MEREDITH: When you say dissolved, what you desired was not carried out through misapprehension?—A. Yes, that is right.

Q. And another body was appointed?—A. Yes.

Hon. Mr. DUFF: Colonel Allison had entered on the thing?—A. Quite right.

Q. I only want to know about the time the change was made?—A. I think the latter part of August, before I went to England anyway.

Mr. JOHNSTON: What was?

Mr. HELLMUTH: The arrangement that he made with Mr. Allison and General Drain.

I want to take up another matter, but I can hardly start now.

Sir WILLIAM MEREDITH: You are very modest.

Mr. HELLMUTH: I am not modest.

Mr. CARVELL: I would like to ask General Hughes if he would produce to-morrow any correspondence in his office with any parties in the United States regarding fuses?—

A. Any that I have.

Q. That is all right?—A. If I know of any.

Sir WILLIAM MEREDITH: Knowing what we do about the way the files are kept by the Shell Committee, it might be desirable if you would give him a lead, if it is under names.

Mr. HELLMUTH: This is General Hughes' own files, not the Shell Committee's.

Sir WILLIAM MEREDITH: The Militia files may be kept in the same way.

Mr. CARVELL: Colonel Morgan?—A. Colonel Morgan, I will look it up.

Sir WILLIAM MEREDITH: That is the man whose name has been mentioned to-day?—A. Just a word about him. He passed himself off as Kitchener's famous South African officer. It turns out that he is his brother, a ne'er do well.

Mr. JOHNSTON: He uses his brother's initials?—A. He uses his brother's initials sometimes and sometimes not.

Q. And his title?—A. And he stole his medals, and incidentally I would like to explain a matter that was up this morning. It was irregular then and it will be no more irregular now.

[Sir Sam Hughes.]

When I returned from England last year I heard that Colonel Morgan acting for Colonel Allison had made some contract with the Mills Equipment Company about belts, and there was an attempt made as there was an attempt made here this morning, on November 18, to the D.O.C. I will read the letters:—

November 18, 1914.

MEMORANDUM.

To D. O. C.,

While in New York, en route to England, I inspected this Webb Pistol Equipment, and suggested, instead of having one pouch for holding ammunition, there should be two. The equipment we have received has only one pouch.

The extra pouch necessitated an extra shoulder strap which, according to Mills' own figures, brought the price up to five dollars and fifty cents (\$5.50) per set. The single pouch and single shoulder strap listed at four dollars and forty cents (\$4.40) per set.

Colonel Morgan offered to supply the single pouch with single shoulder strap at four dollars and twenty eight cents (\$4.28) per set, if I remember rightly, and the double pouch and extra shoulder strap at five dollars and fifty cents (\$5.50) per set, less five per cent.

I do not know how any misunderstanding arose in connection with the matter, but I was not here, and the Department has lost five per cent on the transaction.

Any future orders for this sort of thing, I shall be obliged if you will consult with me direct, as I find the Mills Equipment Company has no patent on the webbing, which can be made by many other companies.

Major-General,

Minister of Militia and Defence for Canada.

(Part of Exhibit No. 321.)

Mr. JOHNSTON: Who is that to?—A. Mr. Brown of my department. Now, the next day Colonel Morgan arrived from New York I had phoned him or demanded an explanation of some kind for this discrepancy. I saw a telegram on the public file where Morgan some week or two before this wired and told the department that his secretary had made a mistake in putting in \$5.50 equipment with the double belt instead of the single shoulder belt and single pouch for ammunition, and that the price should have been not \$4.40 but \$4.28. However, Mr. Brown will show the letter. This is the letter from Mr. Morgan and I would like it to go in.

Mr. CARVELL: I suppose you have no objection to producing the file?—A. I want it to go in.

Q. I suppose you have no objection to producing the whole file?—A. All I have. Mr. Brown will produce everything there is. (Reading letter):—

In compliance with your demand that I explain the reason for the letter written by me to the Mills Woven Cartridge Belt Co. to the effect that I requested them to keep all prices given to me on their equipment absolutely secret, I have the honour to reiterate my explanation made to you in person.

In the first place, I knew that Colonel J. Wesley Allison's orders were that prices should be absolutely net on all arms, ammunition, etc., etc., supplied to the Canadian Government. My letter to the Mills Company was based on the fact that there was a 5 per cent cash discount beyond their quotation, and as I did not know what disposition Colonel Allison desired to be made of this 5 per cent discount, (Colonel Allison having gone to Europe) I wrote to the Mills asking them to keep this price secret in order that Colonel Allison might be able to adjust the matter on his return from Europe. I later received instructions

## SHELL CONTRACTS COMMISSION

from him that all goods no matter what character were to be billed to the Canadian Government absolutely net, and immediately upon receipt of these instructions I notified your department, quoting them an absolutely net price.

Mr. MARKEY: Who is that to and what is the date?—A. It is to me and is dated the 19th of November.

The secrecy *re* price demanded by me from the Mills Equipment people had reference solely to the 5 per cent cash discount, and as to what disposition was to be made thereof, and I sincerely trust this explanation will prove to your satisfaction.

I have the honour to be, sir,

Your obedient servant,

H. G. MORGAN.

If there is any further explanation on the matter that you desire me to make I shall only be too anxious to do so.

(Marked as Exhibit 321.)

(The Commission adjourned at 5.35 p.m. to 10 a.m., Wednesday, May 31, 1916.)



# ROYAL COMMISSION.

TWENTY-SECOND DAY.

MORNING SESSION.

OTTAWA, Wednesday, May 31st, 1916, 10 a.m.

(Evidence of Sir SAM HUGHES, continued.)

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth?

Mr. HELLMUTH: I don't know whether the Commissioners ruled in regard to the question as to whether General Hughes would be entitled to give any evidence as to the statements in reference to the saving that he alleged or has alleged was made by Colonel Allison—the saving of moneys, I mean.

Hon. Mr. DUFF: I thought you meant the saving by the Shell Committee.

Mr. HELLMUTH: General Hughes had some statement or basis in regard to the matter, and I did not understand that that had been definitely ruled upon. Of course if it is to be excluded, I have nothing more to say upon the subject.

Sir WILLIAM MEREDITH: Didn't you bring out a good deal of that in what you said yesterday, General Hughes?—A. Only a little of it, sir.

Mr. JOHNSTON: Of course it opens up a very large question.

Mr. HELLMUTH: It may. I am not pressing it. I am simply asking for a ruling upon it.

Mr. JOHNSTON: I don't suppose we will hear from any of the others in regard to it.

Mr. HELLMUTH: If it is to be brought out by anybody at all.

Mr. JOHNSTON: I don't know that it is to be brought out by anybody at all, except in the general statement he makes here.

The WITNESS: I brought out a good deal of it.

Mr. HELLMUTH: Then I need not go on with it at present.

Sir WILLIAM MEREDITH: We think it is relevant to the inquiry, and that it may be pursued, if counsel take the chances of what it may open up.

Mr. HELLMUTH: As far as I am concerned, I do not take any chances in what is or is not brought out.

Sir WILLIAM MEREDITH: I meant only in regard to lengthening the inquiry.

Hon. Mr. DUFF: It does not stand on the same footing as Mr. Carvell's cross-examination of Mr. Allison with regard to matters in respect of which he has to take the answers of the witness as final.

I cannot see that is not logically relevant, this matter you are proposing to open up. It may lead to the opening up of other matters, you know.

Mr. JOHNSTON: I don't know of any evidence that is going in in contradiction of the General's statements as they stand now. But if items are given, we will have to explore them, of course.

Mr. HELLMUTH: One item was given, I know, but whether others are to be given I do not know. For myself, I do not want to lengthen the enquiry in any shape or form.

Mr. JOHNSTON: If evidence is given witnesses may be called in explanation, or you can produce the statements later on.

Mr. HELLMUTH: I assume it can be done in this way; if on the cross-examination of General Hughes there are any matters touched upon they can be more or less elaborated afterwards, and a full explanation given.

Sir WILLIAM MEREDITH: My view of the matter is (I don't know whether my brother Duff concurs in it or not) that it is charged, directly or indirectly, that General Hughes was corruptly influenced by Allison in endeavouring at the expense of somebody other than the British Government or the Canadian Government to put money into Allison's pocket. That is one aspect of the case. Another is as to whether under the circumstances he was justified in the opinion he formed of Allison and of the services he performed, which would be relevant to this inquiry.

Mr. HELLMUTH: In that view of it then, I will ask a couple of questions, and they can be gone into in detail.

Sir WILLIAM MEREDITH: I hope the General will not go into anything except what he feels is most important, nor introduce matters which are not strictly relevant.

Mr. HELLMUTH: I will ask you this question, General Hughes.

Q. In your dealings in regard to munitions, whether for Great Britain or for Canada, did you employ in some capacity Mr. Allison to assist you? You did, is that not so?—A. I did.

Q. Had you, first of all, any interest personally in any monetary result of that?—A. None whatever, neither directly nor indirectly.

Q. Did you in such employment provide, by anything you did, for Allison receiving commissions or remuneration?—A. Not a particle, neither directly nor indirectly.

Q. Any commission Mr. Allison received in any way, did it come from you in either an official or a personal capacity?—A. It did not.

Q. And when, as you said yesterday, you had no objection and it was none of your business—as you put it—whether he got a small or a fair commission on British business, had you anything to do with fixing of the amount, or even of the commission itself?—A. Nothing whatever. May I explain here, Mr. Hellmuth? The point that is not made clear is the position I put Allison in at first, to go down to New York or to the United States at the time I told you about, when we were being importuned by the British Government to get them this, that and the other. I could not look after it, and I picked on Allison. I intended having General Drain and Allison as a sort of purchasing commission to look after that. But there was nothing whatever settled as to what the remuneration of the gentlemen on this proposed committee would be. I said that whatever the remuneration would be it would have to be determined by Lord Kitchener. After that, when they had broken up, Allison was just as free as you or I or anybody else in this world to buy and barter, or to do anything else, as he chose.

Q. But you would not be free to go and buy and barter, I assume?—A. If I got out of a job I would, without any trouble.

[Sir Sam Hughes.]

Q. Do I understand then that he was no longer in that sense a representative of you at all?—A. No. He was then on his own responsibility. I used him. For instance, about that cartridge deal, where we saved \$4.50 to the British Government on the rifle and munition deal on each thousand rounds, he was then acting just as my friend in the capacity of reducing the prices. That was all I asked him to do. He was at perfect liberty, so far as individual liberty was concerned, to go on the same as any other private individual to take any commission he chose, and it would have been a piece of impertinence on my part to have interfered with his liberty.

Q. Were you aware of any commission he got?—A. No, not until I heard the talk about some Colt's pistols. That was before the Judge Davidson Commission. So far as the French or the Russian parts of the business were concerned, I heard nothing of that. I never asked a question, and was never spoken to about it.

The point I wanted to make was, in justice to Allison, because all this trouble about Allison started over the time I nominated him for that purchasing commission for the British Government. That was the time the New York people got after him, when they found out he was not going to be the head of the Canadian Purchasing Commission; that was the time those New York buyers and sellers got after him and sought to discredit him. In justice to Mr. Allison and myself, I think a few facts should be made public.

Q. I quite appreciate your desire. You said I think that you made no individual inquiry in regard to the prices of fuses in the States?—A. I did.

Q. When was that?—A. I did it all along. I have three secret service agents in the United States, and I had them make inquiries.

Q. That was only in regard to time fuses?—A. Yes.

Q. I am speaking of graze fuses?—A. I never heard of them.

Q. Did you make any of your inquiries in regard to the time fuses from J. P. Morgan & Company?—A. No.

Q. Why not?—A. As a matter of fact they were the parties Allison was fighting mostly, and they would not give their prices away, anyway. In the second place, I would not ask them. If I wanted the prices I would get them from the British Government. The Morgans could not give the prices without the consent of the British Government.

Q. This suggests itself to me; wouldn't it have been fairly easy to get the consent of the British Government to your getting the Morgan prices?—A. At the time the Morgans were making fuses which were a good deal cheaper than the British fuses.

Q. Is this a fact, that there were no relations so far as you were concerned with the Morgans at all?—A. None whatever. As a matter of fact, I did get their prices, but not from them.

Q. That is, the prices of the time fuses?—A. Yes.

Hon. Mr. DUFF: When were those prices got?—A. On in April, or late in March.

Q. Were they communicated to the Shell Committee?—A. I did not tell the Shell Committee. They were the Morgan prices. I told them what I understood they were getting for the American fuses, and that they were not losing any money on them.

Hon. Mr. DUFF: I think we ought to have that.

Mr. HELLMUTH: I am coming to that now.

Q. What was the price you got?—A. My information was that for the cheaper American fuses they were getting \$4.90. I may be all wrong.

Q. That was for the time fuse?—A. Yes, for the number eighty-five.

Hon. Mr. DUFF: From whom did you get that?—A. From a secret service officer in New York—my own secret service officer.

Mr. HELLMUTH: Let us make it clear.



Q. You never got any price on a graze fuse?—A. Never heard of it.

Q. What if anything had you to do with the appointment—perhaps you heard the evidence of Colonel Carnegie.

Hon. Mr. DUFF: Are you leaving that point about the reference to the Morgans, Mr. Hellmuth?

Mr. HELLMUTH: I will be very glad to elaborate it.

Hon. Mr. DUFF: It may be the subject of cross-examination, but I would rather like to hear anything he likes to say about that.

WITNESS: Morgan's prices?

Hon. Mr. DUFF: No, I mean on the point which I thought might have suggested itself to the Shell Committee, that in purchasing fuses in the United States they should have consulted the Morgans, or that they should have had the actual contract placed through the Morgans. I mean to say this, that I have been rather impressed with that myself, but before you go on I will say that there is a cable from the War Office in evidence, dated, I think, the 26th of May, after the letters of the 21st and the 25th of May were written, with regard to the time fuses, in which the Shell Committee are told that in the opinion of the War Office as they were buying fuses in the United States the contracts ought to be placed through the Morgans. I am rather impressed with the difficulty of understanding why the Shell Committee went into the United States and bought fuses there without consulting the Morgans or employing their agents. I would like you to give me any help you can in regard to that point.

WITNESS: In the first place, the Morgans had been gradually endeavouring to enlist the services of others, and when any manufacturer over the country started in (this was only based on knowledge subsequent to the fact on my part, but I learned it at the time) they were endeavouring to get control of these factories, as I understand it. I have never yet learned that Morgan had been refused contracts up to this time. I had learned that they had given contracts to the Bethlehem Steel Company, which they sub-let to the Scovill Company. I think outside of the Russian fuses being made by that Foundry Company in the United States, that that was the only fuse.

Q. I rather fancy—I notice the statement has been made several times, but it must be an error, the impression I got from Mr. Gordon's evidence is that it was a company called the American Locomotive Company?—A. I don't know as to that. There must have been a contract, but I have not got the date of it. There was a contract about that time.

Q. For the 85 fuses?—A. Yes, about that time. It is in evidence somewhere, where the Morgans objected to any contracts being taken on by any industry in the United States which was not under the control of the Morgans for any purpose for the work of our Shell Committee; they did not want our Shell Committee to go into the United States and give any contract to people who were making parts for them. I did not see why they should object to our fellows going to the people who were not tied up with them. If you take the cablegrams you will see that there was some work going on. We knew there was no intention of giving us any work over here, and we had to do some hard hitting, and we did not want to get ourselves tied up to the Morgans.

Q. Do you mean you had a suspicion that the Morgans would not operate in sympathy?—A. We had more than that. We had a suspicion that the Morgans and other persons wanted to control the entire munition output of North America, and to control it through New York channels; which was not in our interest. We felt that we could not get these shells, that we could not get them and the fuses, and we would be left in the lurch all around, that they were the people who were making the fuses alone. I had nothing to hide. Other people had lots to hide, but I had nothing.

Hon. Mr. DUFF: That is the explanation you would give yourself?—A. Yes.

[Sir Sam Hughes.]

Q. Of what Colonel Carnegie spoke of, although I do not think he used the phrase, what he spoke of as the policy of the Shell Committee not to act through the Morgans nor to consult them as to prices?—A. I never heard it discussed, but that is what I have always considered was actuating them.

Sir WILLIAM MEREDITH: What did you mean by saying that if this fuse contract had been let with the Morgans the shells would not have been made in Canada?—A. They would have taken the whole business, the fuse was not a separate order.

Q. The Canadian manufacturer would have lost the opportunity?—A. We felt that. We had to send a couple of warm telegrams to get them moving at all; in short, we felt that there was a tendency to butter the United States instead of having a pretty firm hand with them, across the water.

Hon. Mr. DUFF: You thought that you had to struggle to get the business for Canada?—A. Felt pretty sure of it. They felt pretty sure that the more we put across to the United States the more they would stand to the guns.

Q. You thought that production here would be interfered with if you bought fuses in the United States through the Morgans?—A. Yes.

Q. Have you anything else to suggest?—A. I did not pay much attention to it but it came to me that the solution was to get some one to sit up, and they sat up.

Mr. HELLMUTH: As I understand it your idea was to go to factories or manufacturers who were not in touch supplying the Morgans, and to get independent people?—A. Certainly. But first, bear in mind that we tried every place—I understood that General Bertram and Colonel Carnegie tried every place in Canada. I had been in Russell's place and there was nothing but empty walls. We couldn't get anybody in Canada. We wanted it made in Canada and all my urging was to get them made in Canada, that we could get them made here in a little time, and both crowds told me that they would make them in Canada.

Q. That is the International?—A. The International and the American, and to my surprise when the thing came along later on it was decided that they couldn't make them in Canada, but in the States.

Hon. Mr. DUFF: You stated that in your cable to the War Office?—A. Yes.

Mr. HELLMUTH: So your idea was that these American manufacturers would come here and manufacture?—A. Yes, that was the whole plan in the early part of the game.

Q. Were you aware at the time you endorsed that contract that they were going to be made in the States?—A. Oh, yes, it was the end of April, or in May I just incidentally learned from General Bertram.

Q. You heard Colonel Carnegie's evidence in regard to his being appointed Ordnance Adviser. Have you anything to add to that?—A. I did not know before that I had shocked him so much. I had heard of the Carnegie family for years, anybody knows what the family is, four or five brothers very spirited men and capable, and I made up my mind as soon as I knew he was in the country that I would bag this man if I could.

Q. "Bag" him is good?—A. Well, he has been invaluable.

Q. I think it was the rapid way in which you bagged him that offended?—A. Much work cannot be accomplished if you stop and talk with every fellow that comes along.

Q. You do not differ with him on the fact?—A. It did not take a minute to write the card, "Dear Bertram, please see D. Carnegie, S.H."

Q. As I understand you had very little to do with him afterwards compared with General Bertram and the Shell Committee?—A. Only when I was in Ottawa and he would come along the road some place.

Q. Is there anything else that you desire to say in regard to these fuse contracts? Did you know anything about the Edward Valve?—A. Never heard of the concern in my life until after I came back from England last fall.

Hon. Mr. DUFF: I do not think the witness finished giving his recollection of the report that the Shell Committee made to him in explanation of the price for graze fuses.

Mr. HELLMUTH: Mr. Commissioner Duff has reminded me that perhaps I have not got a full account of the report that you received from the Shell Committee or any of its members in regard to the price they had paid for the graze fuse?—A. When I came back from England last year I met a very prominent Canadian, and he said, "What about this graze fuse?" I said, "What graze fuse?" So he told me the story, the terrible thing that was stirred up, that General Bertram had gone and let a contract for a fuse that you could get for sixpence almost and was paying \$4 for it. I had heard of these yarns before and never found a word of truth in them, so I wasn't shocked. However, I sent for Colonel Carnegie and General Bertram and I asked them for an explanation; first, what was the graze fuse, what sort of a thing it was. It was an ordinary detonating fuse, not a time fuse. In the meantime I may say I cabled the Old Country and found out—my memory is \$3.72—the cablegram said, Colonel Carnegie says the price Vickers is getting is \$3.60 for this same fuse as against \$3.72 for the Canadian, unloaded. I had had that. Then Colonel Carnegie gave a further explanation after I came back about the Vickers getting them for \$3.60. Nobody knew anything about it, whether it was a dear or a cheap fuse. I spoke to Mr. Yoakum the first time I saw him and asked him for an explanation of the high price, and he gave the explanation that Mr. Cadwell has given here, and while they were not going to lose anything at the time, judging by the English prices, it did not seem that there was much difference in the fuses. They were unloaded, and I have yet to get any evidence—

Mr. NESBITT: They were loaded?—A. They were unloaded, and these Yankee graze fuses were unloaded, and I have yet to find any evidence that these fuses have turned out satisfactorily when loaded; on the contrary—

Hon. Mr. DUFF: Do you know about that?—A. No, I do not know about that.

Q. Because, the effect of Mr. Cadwell's evidence was that the inference that he drew from what had occurred after the shipping of these fuses was that there was no complaint?—A. That is his fuses. I mean the cheap fuses made in some other factories in the United States, held up as models.

Q. They were made in the same factory, the American Gauge Company of Boston manufacturing for both Morgans and Cadwell?—A. They were?

Q. Yes?—A. I have heard that there was trouble in England, that these fuses do not function properly when they are loaded. However, that is mere rumour.

Mr. HELLMUTH: You got that report from Colonel Carnegie and—A. General Bertram and Mr. Yoakum. I asked all three.

Q. Did you see Mr. Cadwell?—A. No, never saw him or spoke to him about it until he came up here last fall or winter; when he was getting that contract he came in and complained that he feared that he was going to have his contract cancelled.

Mr. HELLMUTH: I think that is all.

*By Mr. Johnston:*

Q. I think you said yesterday that neither directly nor indirectly did you ever approach or interfere with, or try to influence the Shell Committee in getting contracts at all?—A. Not in a general way.

Q. Did you do it in a particular way?—A. In giving contracts to people in Canada?

Q. Yes?—A. I treated them all on the same basis.

Q. You were asked to produce any correspondence that there might be in regard to that question, that is, as to whether or not there was any correspondence on your file relating to the intervention, if I may use the word, with the Shell Committee, to get contracts for friends?—A. I haven't got any friends who got contracts.

[Sir Sam Hughes.]

- Q. And none applied?—A. I have lots of friends.
- Q. That you recommended contracts to be given to?—A. None whatever, except in a general way.
- Q. What do you mean by "in a general way?"—A. I mean every man that came to me and asked for a card or letter of introduction to General Bertram got it.
- Q. What kind of a letter would you give him?—A. When I was in Montreal he would get a letter, and when I was in Ottawa he would get a card.
- Q. What kind of a letter?—A. Just to introduce John Brown.
- Q. Anything to introduce the contract?—A. Nothing special.
- Q. Anything general?—A. I would send the man, that is all.
- Q. Unless you recommended him?—A. Yes.
- Q. Have you looked to see if you have letters—A. I have asked my officer to see to it.
- Q. Let me call your attention to one or two matters here, and see how this agrees with that statement. Do you remember writing a letter to General Bertram, "My dear General Bertram?"—A. That is what I call him.
- Q. Yes. "You know Mr. Wilford and Mr. Carew, M.L.A., of Lindsay?"—A. Yes.

Q. This is the letter:—

"Militia and Defence.  
(Crest)

"MINISTER'S OFFICE,

"OTTAWA, April 29, 1915.

"MY DEAR GENERAL BERTRAM,—You know Mr. Wilford and Mr. Carew, M.L.A., of Lindsay.

"I am asking for my home town of Lindsay the small number of fifty thousand high explosive shells. These men and their associates, Messrs. G. S. Dukes, T. R. Hindes, John Carew, M.L.A., Dr. John MacAlpine."

Q. Who is he?—A. A doctor in Lindsay.

Q. Is he a relative of yours?—A. Brother-in-law.

and F. R. Wilford under the name of F. R. Wilford & Company of Lindsay, will do this work up to perfection.

Faithfully,

(Marked exhibit 322.)

Q. You sent that letter?—A. Certainly, I expect so, I don't deny it at all.

Sir WILLIAM MEREDITH: That is a copy I suppose?

Mr. JOHNSTON: That is a copy, I have a photograph of the original with the signature. If it is required I can get it.

Q. This is dated the 16th of March, 1915. Did you write this letter to Colonel Bertram?:—

"DEAR COLONEL BERTRAM,—This will introduce to you Mr. Charles Burgoyne of Fenelon Falls, in my Riding.

He is desirous of securing a contract for the manufacture of boxes for shells.

I wish you would give him full plans, specifications and prices complete for said boxes. He is thoroughly reliable in every sense.

Thanking you for your goodness.

Faithfully,

SAM HUGHES."

(Marked Exhibit 323).

Q. You wrote that letter?—A. I expect so. Every word is true.

Q. Certainly. On the 11th of March did you write this letter to "Dear Colonel Bertram", marked "personal"? They are all marked personal I think:—

"I enclose herewith a letter handed to me by the Honourable Senator Donnelly, from the Honourable D. Jamieson, Toronto, relative to Krugg Brothers' desire to manufacture shells.

"I have made a note on the corner of this letter for you.

"Will you please be good enough to make inquiries into this matter, and if the firm is capable to carry on the work, and report to me.

"Thanking you, and with kind regards.

Faithfully,  
SAM HUGHES.

"Encl.

(Marked Exhibit 324).

A. Yes, all right, I expect so, I don't know anything about it. Hear, hear.

Q. When you say "Hear, hear," I suppose in a parliamentary sense your mean that as approval?—A. Yes, that is right.

Q. I hope you often hear the expression in the House on your own account?—

A. Oh, you hear lots of things there that you do not pay much attention to.

Q. I will try you with another:—

"OTTAWA, March 12, 1915.

"Personal.

DEAR COLONEL BERTRAM,—The Lauzon Engineering Company, of Levis, Que., has leased the Public Works Foundry at that place.

The machinery, I understand, for the manufacture of shells is largely installed, and the firm is in a position I am assured, to proceed at once with the manufacture of shells.

Will you kindly give this your immediate consideration and report?

Faithfully,  
SAM HUGHES."

(Marked Exhibit 325).

You wrote that letter?—A. Yes, I expect so.

Q. Did you get a report?—A. I don't know anything about it.

Q. However, you don't produce any report?—A. No.

Q. If there was one you haven't got it available for the Commission?—A. No.

Q. Then on the 5th March, 1915, did you write this:

DEAR COLONEL BERTRAM,—This will introduce to you our mutual friend, H. H. Stevens, M.P., of Vancouver.

You will remember we tried to see you one night in Ottawa some time ago about the shells.

Do you remember that you and Mr. Stevens tried to see him?—A. Read the letter.

They have all the facilities for making these, and they have also very hard times.

We can easily get testing ground on the Lulu Island, a most ideal place. Please oblige them in any way you can.

Faithfully,  
SAM HUGHES.

(Marked Exhibit 326.)

Hon. Mr. DUFF: What is the date?

Mr. JOHNSTON: March 5, 1915.

[Sir Sam Hughes.]

Q. Then on the corner it says: "Introducing Mr. C. J. V. Spratt, H. H. Stevens." I suppose that is that Mr. Stevens introduced to you or to some one his representative Mr. Spratt? Perhaps you do not remember that?—A. I do not remember Spratt.

Hon. Mr. DUFF: Not his representative?—A. Mr. Stevens is a Member of Parliament and Mr. Spratt is a manufacturer. The western country had no shells to make, and we were anxious to extend the business out there.

Mr. JOHNSTON: On the 18th of February, 1915, another personal letter to:—

"DEAR COLONEL BERTRAM,—I have much pleasure in acknowledging receipt of your letter of the 13th instant, relative to the National Manufacturing Company of Brockville, for which please accept my thanks.

Have you a letter of that kind? Have you your letter file here?—A. No.

Q. Who has charge of the file?—A. We have no letter of that kind; my secretary has reported that there is no letter of that kind.

"I would like you to recognize this company with a few more orders if at all possible.

"Trusting that you will be able to do this, and with kindest regards,

"Faithfully,

"SAM HUGHES.

(Marked Exhibit 327.)

A. I think that is the Company George Graham is associated with.

Q. Well, he is a good man for you to deal with, I suppose. Perhaps the fact that George Graham was in it was a higher inducement to give him a contract than if he was not?—A. I certainly would be ready to oblige George Graham.

Q. You have not any objection to George Graham making shells?—A. Not at all, he is in half a dozen of them.

Q. Another matter before I deal with one or two questions which I would like to discuss with you more or less, and you will not answer for the moment because I am going to put the question, subject to the Commissioners' approval. We have had a good deal of insinuation, I think I may use the word, we have had a considerable amount of suggestion that Sir Courtenay Bennett interfered more or less with the progress of the work of the Canadian people in getting fuses, etc., and shells, is that so?—A. Just repeat your question; put it in the form of a question; you make a speech and follow it up; I do not answer questions of that kind.

Q. I have had an example set the last few hours of making speeches?—A. Yes, I am merely following a very bad example set before me.

Q. We have had some insinuations, have we not, in regard—?—A. I will not answer a question that implies only one answer, yes; that question of yours implies only one answer.

Q. Do you want any room to make some different answer?—A. No, I want you to ask a straight question.

Q. Have you made suggestions here with reference to some improper conduct on the part of Sir Courtenay Bennett?—A. I did not say improper conduct.

Q. Conduct you did not approve of?—A. Yes.

Q. Was it with reference to interference of Bennett with possible contractors for fuses and shells for Canada?—A. It was Bennett's interference in seeking to injure the characters of good and honest men.

Q. Now, the question I ask you is, what charges do you make?—A. I am not making any charges.

Q. What statement do you make with regard to that interference or injuring the character of men?—A. I do not make any statement other than the record shows.

Q. Give me the statement now, put it specifically?—A. I am not going to do it.

Q. You refuse to do it?—A. I decline to do it.

Q. That is the same thing. In what way did Sir Courtenay Bennett ever interfere with any possible or probable contractors through Mr. Allison or otherwise?—  
A. He cabled to the British Government, that has been brought out here.

Q. Is that all the ground you have got for—?—A. No.

Q. What ground?—A. I am not called on to give you the grounds.

Q. I think so, because you have talked about the way in which they acted, this ring in New York you spoke of, whom I understood you to say Sir Courtenay Bennett was one of, was he not?—A. I won't answer that question "Was he not," because that implies only one answer, yes.

Q. Was he interested in the ring that you spoke of yesterday?—A. How do you mean interested?

Q. In any way interfering with your work in the United States?—A. Financially? I am not in a position to say.

Q. Was he doing anything to interfere with your work in the States?—A. I have no work in the United States.

Q. You had work in the United States through your representatives, had you not?—A. The Shell Committee was working in the United States.

Q. The Shell Committee, with the work of the Shell Committee?—A. Yes.

Q. Now, what do you say as to Sir Courtenay Bennett's connection with that or interference with that?—A. Sir Courtenay Bennett interfered; I have given you one instance where he cabled to the Old Country and also where he cabled General Bertram.

Q. What else?—A. That is all I am called on to give.

Q. No, you are called upon to give more, if there is anything in it?—A. I am not called on to give anything concerning Sir Courtenay Bennett whatever.

Q. You have made certain charges with reference to Sir Courtenay Bennett—I would call them charges—you made certain insinuations about him?—A. I can give Sir Courtenay Bennett's history and record, but it does not concern the Shell Committee.

Q. I do not want his history and record; I want his actions with regard to the relations of the Shell Committee in the United States?—A. I have given them to you.

Q. Is that all you have to give?—A. It is not all; it is all I have to give.

Q. You cannot take that stand as Minister of Militia?—A. Well, I am taking it.

Q. You do not care what anybody thinks about it?—A. I am not saying that, but I am not much worried about what my good friend Johnston thinks about it.

Q. No, I have no opinion on the matter; you mistake my attitude?—A. Not at all.

Q. You ought to have heard me praise General Hughes for the great work done at Valcartier?—A. You were not paid for it.

Q. No, I was doing it much better; I was doing it voluntarily—a much greater compliment to you, voluntarily and without pay?—A. That is good, from the depths of the heart.

Q. Will you tell me upon what other ground you say the Shell Committee was interfered with through Sir Courtenay Bennett?—A. I have told you all that is pertinent to this Commission.

Q. Is there any other ground?—A. I am not going to be drawn into any statement and then possibly be asked to give details. There are certain matters, but I have obtained them in absolute secrecy, and I am not going to divulge secrecy.

Q. I am asking you now is there any other ground?—A. I am not lawyer enough to know if I say there are other grounds that I might under the ruling of a legal court be compelled to say what they are.

Q. Is there any other ground?—A. I am not going to say whether there is other ground or not.

[Sir Sam Hughes.]

Q. You refuse to answer that question upon your own grounds?—A. Yes.

Q. And you refuse to answer the question whether Sir Courtenay Bennett did, and in what way he did interfere with your, or the Shell Committee's, contracts on the other side?—A. Other than what I have already pointed out.

Q. That is the two cablegrams, is that all you are going to tell us about, and won't tell us anything more—I need not go any further with that because you won't answer any questions?—A. Not about the Shell Committee, not about contracts for shells.

Q. Fuses, too?—A. Yes.

Q. We not only understand that, but we understand that all the information you are prepared to give about Sir Courtenay Bennett's intervention, if there was any, is contained in those two cablegrams?—A. And in his interference or his letters to General Bertram.

Q. I mean it is in writing?—A. I don't know whether it is in writing or not.

Q. If there were letters and two cablegrams they would be in writing?—A. Yes.

Q. As to anything further you decline to give any further statement or make any further explanation?—A. Any data I might have has been obtained in the strictest confidence, and therefore I decline to give it.

Q. It would not be strict confidence, would it, to know that he was interfering, that he and a ring in New York were interfering with your people, the Shell Committee, and others in getting contracts in the United States?—A. I did not say interfering with my people.

Q. I speak of the Shell Committee and Mr. Allison and others, let me specify them; that is the information that you decline to give beyond what is contained in the letters and telegrams?—A. Beyond what is contained in the letters—I am not saying there is not information concerning Sir Courtenay Bennett and fuse contracts, that don't concern either of these two companies.

Q. I will wait a moment, General Hughes, until I see that we are both speaking of the same thing; I will read what you said yesterday: "Allison meantime set to work at my request to obtain prices on all these lines of goods in the United States. I had notified him to go ahead, that I was going to recommend him to the British and the Canadian Governments—and I did so. Meantime he went ahead and obtained options and prices on a great many lines of materials that the British Government wanted, and it was a pretty hard clip to him to find that he was side-tracked and wasn't running it. "Then a ring in New York—I don't want to be bitter, but in justice to Colonel Allison and myself I want to say this—a ring of British agents or sub-agents in New York set to work publicly and privately to defame everybody who was not working with them, and we have had some of the trash brought up here to-day that emanated from Sir Courtenay Bennett's hirelings in and around New York." I ask you upon what grounds did you make that statement?—A. Grounds of evidence in my possession, evidence furnished me.

Q. Which you decline to disclose?—A. Which I decline to disclose; the effects of it are quite evident.

Q. "Allison was sought to be discredited, because having started in to get these options for the British Government it was found out that he was not carrying them out, and it was said, 'Here is a fellow who has been posing as the agent of the British Government and has been thrown down.' Telegrams were sent around repudiating him, I met them in London, Paris and New York." What telegrams did you ever see bearing out that statement?—A. I saw copies of telegrams purporting to come from, signed by gentlemen of prominence, stating that Allison—that so and so is representing the British Government or Canadian Government as general agent, and of course the answer to it "We understand he is not," and so on, and to say this and that sort of thing, that Allison was a faker.

Q. You thought at any rate that connected with this method of warfare Sir Courtenay Bennett was part of the crowd?—A. I knew it.



Q. And that of course in your opinion would be an injurious thing to the interests of the Canadian people trying to get these munitions, etc?—A. It was not the Canadian people trying to get munitions, it was British.

Q. Through you and others?—A. They were standing in for high prices as against Allison's low prices.

Q. I say there is no doubt that in your opinion, and that is as far as you can go, I suppose, in your opinion the position taken by Bennett and others was injurious to the interests of Britain in regard to these supplies?—A. Certainly, if you wish I will give you a few instances right now.

Q. I have been trying to get some; let us get them?—A. Do you mean high prices?

Q. No, I am not speaking of high prices?—A. I will be glad to show you—

Q. I am speaking of the way in which he acted, what he did or said or wrote, what Bennett did?—A. Discredited Allison, side-tracked him.

Q. And with the result that you say, very properly the result I should think of that being done?—A. Do you wish me to give them?

Q. I am not examining as to prices; it is the fact as to Mr. Bennett's intervention, if there was an intervention. Another matter, you did get the prices of the American fuse from London?—A. Of the American fuse?

Q. The American fuses that were being made, did you get the prices from London of any American fuses?—A. I got the prices from England of the graze fuse, this No. 100 graze fuse.

Q. Did you get the prices of any other fuse from London?—A. I had the price that we paid for the British fuse.

Q. That is the time fuse?—A. Time British 85 Mark V.

Q. Where did you get those prices?—A. Buy them, paid for them; we buy fuses; we have for years been buying fuses.

Q. In England?—A. From Woolwich.

Q. You could have got the price I suppose of any of these fuses from England if you had wanted it?—A. I do not want you to suppose; please do not ask questions in the form of suppositions.

Q. Could you?—A. I could have if they had been willing to give them.

Q. Were you ever refused prices when you asked for them?—A. They were never asked but once, and that was for shells.

Q. You were not refused prices then, were you?—A. They are secret, they are not allowed to be published.

Q. You were not refused prices?—A. I did not ask them.

Q. I thought you said you asked?—A. I said they were asked.

Q. Was the information given?—A. Yes, but secret, we were not allowed to publish it.

Q. Was England at that time to your knowledge buying fuses or American manufactured fuses?—A. It was not about fuses we asked, it was about shells.

Q. Were they buying complete shells from the American producers?—A. I do not know, I do not know what contracts Britain let in the United States, whether complete or incomplete.

Q. You say the Morgan people were trying to corral the factories and so on in the United States, apparently from what I gathered from your evidence, and preventing you from doing business on your lines?—A. I did not say so.

Q. What do you say about Morgan, his intervention or his acquiring an interest, or making contracts or options with factories?—A. Morgan secured options on factories, it is generally understood, to carry on his munition work, and Morgan objected to any factory that he had secured to carry on his work or any factory that was doing some of his work, taking on work from Canada.

Q. Who do you say was supplying, to your knowledge or information, Morgan with munitions of war at that time, what factories?—A. Oh Lord, I cannot tell you.

[Sir Sam Hughes.]

Q. What factories do you know of?—A. I cannot carry the names of factories in my mind, but he has scores in the United States.

Q. What factory have you in your mind, to give us one example?—A. I won't pretend to give an example of any factory.

Q. Not one?—A. I do not know the name of a factory in the United States.

Q. You do not know where the factory was?—A. There are dozens of them.

Q. Name me one factory that you say was tied up to Morgan in any way?—A. I will not try to.

Q. I suppose if you tried to you might be able to do it?—A. I am not responsible for your suppositions at all.

Q. I am asking you would you be able to do it if you tried?—A. I have told you I do not know the name of one factory. If you give me time and pay my expenses after the war I will go down and find out.

Q. After the war we may not be here?—A. No, I don't think we will be.

Q. Why do you make a statement of that kind unless you have some information to base it on?—A. I have information.

Q. What information have you they have tied these factories up?—A. They are getting stuff made in factories all over the States.

Q. I will ask you to name one factory?—A. I am not going to try to; your question is to my mind piffling.

Q. You heard Mr. Allison give his evidence here the other day, did you not?—A. I think so, yes.

Q. Did you not hear all of it?—A. I don't think so, I may have.

Q. You heard the substance of it?—A. I expect so.

Q. Having heard his statement is your feeling towards Mr. Allison at all changed?—A. Not a particle, strengthened.

Q. Strengthened by what he said; and still worthy of more trust and confidence on your part if you choose to give it to him?—A. I know no man in this room I would rather trust than Allison to-day, and that is saying a good deal.

Q. I don't know, including the lawyers?—A. There are a lot in the room besides lawyers.

Q. I ask you if your confidence and trust have been strengthened by hearing his evidence in the box?—A. It has.

Q. And being so strengthened I suppose you would continue to trust him just as you formerly had done, and even more so if necessary?—A. I have told you I won't answer your hypothetical questions; in the first place I have not heard that Allison made any arrangement for his own commission, and I don't want you to put words in my mouth.

Q. Would you trust him still further?—A. I would.

Q. After having heard his evidence and the statements and explanations he made?—A. I would, and—

Q. I am not going into the details; you would in making contracts in the United States, or in the Committee making contracts in the United States, think it was perfectly right that Allison should make arrangements as to his own commission?—A. I am not called to answer conundrums; in the first place I have not heard that Allison made any arrangement for his own commission, and I don't want you to put words in my mouth.

Q. You have expressed your approval of the principle of Allison taking commission under the circumstances of the fuse contracts have you not?—A. I have expressed my approval of any man doing honest work getting honest pay for it.

Q. I am asking you about Allison just now, I mean generally?—A. Ask your question and I will tell you.

Q. Do you approve or did you approve, and do you now approve of Allison's arrangement or whatever it was, for taking of the commission in the fuse contract?—A. I have yet to obtain evidence that Allison had any arrangement for taking commission.

Q. Is there any objection to him taking a commission in the fuse contracts?—A. I am not aware that he did take a commission on the fuse contract by arrangement.

Q. He says he is to get two hundred odd thousand dollars, by the evidence?—A. All I was interested was in getting the cost of the fuses down, and I am not the keeper of any other man's conscience, and I have no more right to express my opinion of Allison taking a commission than I have of you sitting here three or four weeks taking \$100 a day or more of the money of Canada that I consider wasted.

Q. I am very glad to hear you mention \$100 a day or more; you may be consulted about this more business?—A. I think you are worth it, you know.

Q. And in remembering Allison I hope you wont forget us; Allison was some kind of agent down there to do something was he not?—A. He was early in the game.

Q. When do you say he went there as your agent—I am using the word in a general way?—A. Early in the war, not as my agent, as a person I asked to get prices.

Q. I think you might safely call him an agent for that purpose?—A. Yes.

Q. I am not making him a legal agent, I am using the ordinary colloquial word agent; when did his so-called agency begin?—A. August and September, 1914.

Q. I might use another word?—A. A rose by any other name—

Q. Do you apply that to Allison?—A. No, some of your correspondence might come in for the odour.

Q. He began about September or October?—A. August and September; he was through before October came on.

Q. How long did he remain in that position?—A. Until he found he had not been appointed to the job.

Q. Can you give me the date?—A. Some time the latter part of September; I don't know what the date was; I was not carrying dates in my head.

Q. Has he been doing for you since that time?—A. Well, what he was doing then was for the British Government.

Q. I mean for war purposes?—A. Has he been doing anything for me?

Q. Not for you, but for any of you gentlemen who are directing the war?—A. I am not directing the war; if I were directing the war things would move a little differently.

Q. Try and help us to move these things; I am asking you if you know whether he has been engaged in any capacity or whether he represents anybody in any capacity in connection with war matters?—A. I do not know.

Q. Have you engaged him or asked him to do things in connection with war matters?—A. I did on the fuse question.

Q. But from September, 1914, on until the fuse question arose was he acting in your interest, getting information?—A. He was not acting in my interest, but he was keeping me posted whenever he could.

Q. That would be your interest as a British or Canadian soldier?—A. It would not be in my interest, it was in the interest of the Empire.

Q. You are part of it?—A. You might just as well say, Mr. Johnson's interest, because he is part and parcel, in his opinion a very big part, of the British Empire. I have no arrangement with Allison; Allison furnished me with data, and when he had data to give me I was glad to receive it. but Allison was not the only pebble on the beach; I had other men I got information from; but he was the most reliable and most authentic I found, and he was the one man of those whom I sought to deal with who has accomplished something for the Empire.

Q. To use some of your own vernacular, I go you one better, because I would include you?—A. I am not a contractor.

Q. When did the second term of service or agency or relationship begin?—A. I will give you the three steps in Allison's association; first was where he was on the contraband part.

Q. The importing?—A. Yes. where American manufacturers for either. Britain or Canada would not ship for Britain or Canada as governments, but they would ship

[Sir Sam Hughes.]

to agents in the United States by arrangement, as I explained; the next step was I appointed him, nominated him as head of this proposed commission to purchase—I explained that to you; and that fell through; you understand that.

Q. It was dismissed?—A. It was not dismissed, it was never created.

Q. I thought you had created it?—A. No, I had proposed it, but I omitted to make it clear to my colleagues what my wishes were, at all events a sub-committee of the Privy Council was formed instead, and my being away at Valcartier my ideas were not understood. The third one was on the fuse question. Those are the three main questions.

Q. In the meantime he was getting you all the information he could and giving it to you?—A. In the meantime he was getting information for himself and was good enough to keep me posted from time to time.

Q. A letter has been put in I think, or it has been read—

Mr. GRANT: It has not been read.

Mr. JOHNSTON: You remember a letter, Ottawa, November 18, 1915, by R. L. Borden to yourself.

Mr. GRANT: That should be 1914?—A. Yes; that is unrevised Hansard you have.

Mr. JOHNSTON: November 18, 1914:—

Dear General HUGHES:

When acting as Minister of Militia during your absence at Valcartier I instructed Colonel Fiset, Deputy Minister, that the use of outside agents and middlemen should be avoided and that contracts should be made strictly with manufacturers so that any unnecessary commissions or increased prices might be avoided.

Q. Do you remember getting that letter?—A. I do not remember getting it, but I had given similar orders early in the war.

Q. You heard that read in the House?—A. I do not suppose I did.

Q. "This is undoubtedly a wise policy and is entirely in accordance with the principles laid down by our party during the years past?"—A. Hear, hear; we stick to that.

Q. "If for any good reason you may think it desirable in the public interest that a different course should be pursued in any particular instance by reason of conditions arising out of the war I hope that you will first consult me, as I consider the principle to be of prime importance.

"Yours faithfully,

"R. L. BORDEN.

"Major General,

"The Honourable SAM HUGHES,

"Minister of Militia,

"Ottawa, Ont."

There is no doubt about the fact that you got that letter?—A. The letter came, I presume, to my Department.

Q. There is no doubt, I should think, that you read that letter?—A. I have not the slightest doubt.

Q. And you say with that letter you agree?—A. And had given orders earlier in the war.

Q. Before this came at all?—A. Having in mind the corruption and graft that went on in the South African War where the least I ever heard of was 10 per cent on anything.

Q. And the Egyptian War the same way?—A. I was not in the Egyptian War; during the South African War.

Q. We get to this point that you agree with the principles of that letter anyway?  
—A. Yes.

Q. Then May 14, 1915, let us look at that letter which was read on the 23th March, 1916—it is the Dowler-Forbes letter I am going to call your attention to?  
—A. That was 1915.

Q. But I am speaking about the speech in the House on the 28th March, 1916, when this was referred to, and speaking in the House of Commons—just follow me and see whether this is right or not—speaking in the House of Commons on the 26th January the Minister of Militia said: “I may say further concerning Col. Allison—I shall refer to the matter of fuses in a very short time—that in all his dealings with business firms in the United States he has in each instance, so I am informed and believe given those with whom he dealt the following letter or one similar”—do you remember saying that?—A. Yes.

Q. Then the letter goes on: “Confirming my verbal statements to you”—it is a letter to Dowler and another one to Patterson—“I have been and am doing my very best to secure the lowest prices possible for the Government, and above all things wish to do whatever I can to aid them in procuring the best workmanship, lowest prices, and largest deliveries possible,” and so on. Then, “I want it distinctly understood that I do not want any profit added to the price under any conditions with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody in connection with this matter.” That was Allison’s letter which you then had or had seen or read?—I read it, I read it in the House.

Q. That is your statement here in the House, you read it at that time. Now, that was dated when, do you remember?—A. No, I did not see that letter when it came; I got it in hunting through.

Q. That is May 14, 1915, not 1914 as it is in Hansard. It is a misprint in Hansard.

Mr. HELLMUTH: It should be 1915 instead of 1914.

Mr. JOHNSTON: At the time that you made the speech and up to the present time were you making any objection to Allison getting from the seller or from manufacturers a fair commission or a small commission?—A. What business had I to interfere with Allison’s commission? I have no more right to tell Allison he shall not take commission than I have to say to you shall not take a legal fee.

Q. It was none of your business?—A. None, whatever.

Q. If he was making a contract with the Scovill people for half a million dollars, or was advising you or getting parties together to make it—?—A. Supposing we take an actual one, take the ammunition one, the seventy-five million ammunition.

Q. Yes; he did give this letter to Patterson apparently, and he did give it to Dowler, according to what he has told us; you understand that I suppose, that that is what he says, a copy of this letter, do you know any reason why he should not have given it to Dr. Harris, the International people?—A. He did give it to Dr. Harris’s people, Patterson is one of them.

Q. Did he give it to anybody else that you know of?—A. How do I know?

Q. I am asking?—A. I have not the slightest notion.

Q. Do you know whether he gave this letter to the Cadwell-Bassick people?—  
A. I don’t know anything about it; you had a chance to question him.

Q. I took his word that he only gave the two?—A. I don’t know anything about it at all.

Q. At any rate just let us dismiss the matter if we can answer; you, so far as the commission or whatever it was in the American Ammunition Co. contract is concerned, you do not now and never have raised any objections to anything that he gets out of that if they carry out the contract?—A. Never heard of it till I came home from England.

[Sir Sam Hughes.]

Q. Do you now?—A. I have no right to stick my nose in other people's business.

Q. Was he representing you when he made the American Ammunition contract?

—A. No—do you mean the American Ammunition or rifle ammunition contract?

Q. No the fuse contract?—A. I never knew he made that.

Q. Who made it?—A. It was Cadwell, Bassick and Yoakum, I understand from the evidence.

Q. Did you know he was the means of getting them together, or claims to have got them together in some way?—A. He claims to have done it.

Q. You do not doubt it?—A. No; at my request, that is to get somebody to smash the price.

Q. So that you say whatever combination he did get up was at your request, if the combination was satisfactory you would carry it out?—A. Yes—I would not carry it out; I had nothing to do with carrying it out.

Q. You had a good deal to say about it?—A. Not a word; I don't think I ever uttered forty words on it after I started the machinery going.

Q. One was enough to start the machinery going?—A. Certainly.

Q. You actually made the contract or approved of it?—A. I signed it as representing, some place I signed, a little scratch on one corner of the paper that the lawyer told me was all right; I always do what lawyers tell me, you know.

Q. Let us follow for a moment till we get this statement you made the other day; did you do what your lawyers told you in regard to that statement?—A. Why, is not it my expression right straight through?

Q. Some of it, I think "scratch gravel" would be yours?—A. I am not saying I do not accept the polish of a very fine lawyer like Mr. Ewart, or the skill and judgment of a gentleman like Mr. Nesbitt, or the wisdom of Mr. Lafleur, and I do not say I would not accept even a good suggestion from Mr. Johnston.

Q. Who drew the statement up?—A. I assume full responsibility for every word that is there; that settles it.

Q. I know. I want to get the language. Was it all your language?—A. I accept full responsibility. There is not a word in there that I don't understand the meaning of.

Q. I know you have sworn to it. Did you do any of the drafting of it, or was it drafted entirely by the lawyers from your discussion?—A. I don't know that it is anybody else's concern.

Q. Do you decline to answer that?—A. It is not anybody else's business.

Q. Do you decline to answer?—I am not asking you the reason?—A. The statement is there. I assume all responsibility for it.

Q. I am not asking that. I merely want to determine the question whether you decline to answer the question I am putting to you?—A. I am not answering it. It is only taking up time, and I think it is \$10 an hour, the usual rates, the show rates.

Q. It is suggested to me that I should ask you this question. How did you get the information "that Colonel Allison in all his dealings with business firms in the United States in each instance as I am informed and believe, gave those with whom he dealt the following letter, or one similar?"

Hon. Mr. DUFF: Do you think you are entitled to ask that question?

WITNESS: I don't mind answering it.

Hon. Mr. DUFF: Well, if he does not object—

WITNESS: I don't object.

Hon. Mr. DUFF: The point about it is, Mr. Johnston, you are asking for the source of information upon which a statement made in his capacity as a Member of Parliament was founded. If it was objected to I should judge the question should not be asked. However, he has no objection?—A. I do not object. How did I get the information?

Mr. JOHNSTON: Yes. A. The letter is there.

Q. Was that the only information you had? I am not asking from whom you got the information. A. State it explicitly.

Q. The question was this. You stated you were "Informed and believe that Colonel Allison in all his dealings with business firms in the United States"—

A. Colonel Allison told me that.

Q. I did not suppose it was any secret information?—A. No.

Q. Because the only man who could tell you was Colonel Allison.

Sir WILLIAM MEREDITH: What class of contract had that reference to?—A. The Dowler fuse.

Q. No. It is a general statement?—A. Perhaps you will read it, Mr. Johnston, please.

Mr. JOHNSTON: Yes. What the Commissioners suggest is to get at what was said about the specific contracts or agreements or negotiations, whatever they might be. Colonel Allison said, apparently from what you say now, "that in all his dealings with business firms in the United States he has in each instance, so I am informed and believe, given those with whom he dealt the following letter, or one similar." Then follows the Dowler letter. A. That was in reference to this business here, this fuse business; I had that in my mind.

Sir WILLIAM MEREDITH: It was not intended to be general?—A. No. I see the point. I did not observe that.

Hon. Mr. DUFE: It was in relation to these fuse contracts under discussion?—A. And as I subsequently have learned in this evidence in relation to these two firms. At the time I saw the letters I took it to be they were general.

Mr. JOHNSTON: Having it in mind you could not have anything else. The letter speaks for itself and your speech speaks for itself. "I may say further concerning Colonel Allison—I shall refer to the matter of fuses in a very short time"—A. Yes.

Q. You were not then referring to fuses apparently, because you were holding that off.—A. I just touched on the fuses.

Q. No. I am reading you what you said. I do not know anything about it beyond what I see before me. "I may say further concerning Colonel Allison—I shall refer to the matter of fuses in a very short time—that in all his dealings with business firms in the United States he has in each instance, so I am informed and believe, given those with whom he dealt the following letter"—A. That was in reference to these fuses.

Q. "or one similar." Now, how could it be in reference to these fuses when you said expressly in your statement that you would refer to the matter of fuses in a very short time?—A. In detail. If you observe, I did not refer to that at all. Six o'clock came and the Speaker left the Chair. I was going away that evening and concluded my speech, and I did not observe until afterwards that I had overlooked that part of the thing.

Q. However, the statement made here is substantially correct I assume, because it is on the record. Now, do you say that in your speech of the 26th of January you did not refer later on to the fuses?—A. Not in detail.

\*Q. No, but generally, giving the general outline of it?—A. I did not give the details that I intended giving.

Q. Perhaps not; but you did discuss them generally.—A. I don't just remember. I may have. I have never read the speech.

Q. Let me see if we can get it.—A. Is that the speech you are reading from now that you were reading from a moment ago?

Q. I have got your speech of the 26th of January.—A. Is that the speech you had in your hand from which you were quoting that letter a moment ago?

Q. The same speech I am referring to.—A. Why do you get another book?

Q. No, it was a quotation from your speech taken from Hansard that I was referring to.—A. Is that the same speech as you were quoting from in that other book?

[Sir Sam Hughes.]

Q. I will read from this book if you want it.—A. I made two or three speeches.

Q. On the 26th of January, 1916. "I may say further concerning Colonel Allison—

Mr. HENDERSON: Would it be proper to hand the witness a copy of Hansard containing the speech?

Sir WILLIAM MEREDITH: Yes.

Hon. Mr. DUFF: Have you any objection to the General having that before him?

Mr. JOHNSTON: No.

Hon. Mr. DUFF: It would be more convenient.

WITNESS: I don't want it at all.

Mr. JOHNSTON: I will give him this Hansard.

Hon. Mr. DUFF: He was asking you a question which you did not answer, Mr. Johnston.

WITNESS: Was your quotation of the letter to Dowler in the 26th of January speech or some other speech?—

Mr. JOHNSTON: No, another one entirely.

WITNESS: Then you are leaving the impression on my mind at all events, possibly on other minds too, that I referred in that same speech to the question of fuses where the Dowler letter came in. That is the point I am making. I think you will find my memory is correct that I did not take up fuses in that speech. You left the impression that I did.

Mr. JOHNSTON: No, I left no impression.

WITNESS: You did.

Sir WILLIAM MEREDITH: All right; it is a misapprehension.

Mr. JOHNSTON: We won't argue it. I did not intend to leave any misapprehension.

Sir WILLIAM MEREDITH: You said something like that.

WITNESS: You said you would refresh your memory by referring to it later on. If my memory hadn't happened to serve me right there would have been a misapprehension.

Mr. JOHNSTON: No. I have the speech of the 26th of January. I take it all back and we start all fresh.—A. You play the game with me and I will play the game with you.

Hon. Mr. DUFF: The difficulty arose, no doubt quite inadvertently, as to what you were reading.

Mr. JOHNSTON: I am reading from Hansard, General Hughes speech of the 26th of January, in which exactly the same words are used as in the other copy of Hansard, not a speech, but a quotation.

Hon. Mr. DUFF: A quotation in some other speech.

Mr. JOHNSTON: Yes. I did not even look at who made the speech.

Hon. Mr. DUFF: He did not understand it. I did not understand it either. I thought you were reading from his speech.

Mr. JOHNSTON: I thought it was General Hughes' speech. I took the book up hurriedly. I might have had the other book just as well.

Q. What Committee was this, the Shell Committee prior to the Imperial Munitions Board?—A. What is that, Mr. Johnston?

Q. The Shell Committee that you speak of in your speech was the one General Bertram was chairman of?—A. Yes.

Q. Now, on page 305 of Unrevised Hansard, that is the only one I have got, of January 26, 1916, your speech is given in which you deal with the construction of the time fuse, and you produced an example of the time fuse and explained it to the House



at the time. Do you remember that?—A. I did not explain the fuse, I explained the cartridge.

Q. "The time fuse explodes the powder cup," and so on.—A. I explained the completed shell.

Q. I know. Now listen. "The time fuse explodes the powder cup at the base and the bullets are driven out through the resin, and the end of the shell is blown out and the bullets scattered broadcast."—A. That is so.

Q. "This is called the cartridge case, which is made of copper" and so on. "In the high explosive shell," you go on, and then you say, "The two parts together make a complete filled cartridge. The fuse is made either empty or filled, either with the gaine or without the gaine, and it is filled with the gaine subject to inspection. Number 80 is the time fuse and number 100 is the detonator or concussion fuse." Do you remember that discussion?—A. I don't remember the discussion; it was a speech.

Q. Yes, the speech. Then you give a number of cablegrams, which I am not going to trouble you with but I will hand the book to you to glance over.—A. What is the date of that Hansard, please?

Q. The 26th of January, 1916. Then I see there was a good deal of discussion about various matters. Then we come to Sir Robert Borden's letter, which is in another speech, not in yours.

Mr. CARVELL: Mr. Johnston, I will find that if you will give it to me.

Mr. HENDERSON: Find what?

Mr. CARVELL: Is it here, is it marked.

Mr. JOHNSTON: I know. General Hughes may look at it.

The WITNESS: What is it about?—I don't want to see it.

Q. It is a portion of the speech I read to you and the Allison letter to Dowler. There is no dispute about that surely. Now, would you be good enough to fix the time, if you can, when the question of Allison's expenses and remuneration, if any, came up, when that discussion took place and where between you and him? I think there was only one occasion you told us?—A. You mean the Adirondack meeting?

Q. When he talked to you or you talked to him about commission. According to his story you said there was no objection to a small commission, or a fair commission, whatever it was?—A. It was after he had learned that the proposed Committee, I will call it that, was not going on.

Q. Was that at the Adirondack meeting?—A. No; the Adirondack meeting was about commissions on Canadian stuff.

Q. Do you remember about the time?—A. Before I went to England.

Q. That does not tell me much?—A. I went to England the first week in October, 1914.

Q. So it would be somewhere along the end of September or perhaps the beginning of October?—A. Yes. I am not just sure of the exact date.

Hon. Mr. DUFF: What is it you are fixing, Mr. Johnston? There is a little ambiguity in the question.

Mr. JOHNSTON: When the conversation between him and Allison took place about a fair commission or a small commission.

Hon. Mr. DUFF: Not on Canadian business?

Mr. JOHNSTON: I am just going to ask him what was actually said. I am trying to fix the time, the end of September or the beginning of October, 1914.

Sir WILLIAM MEREDITH: He spoke of two matters. He spoke about compensation, and then he spoke about another meeting where he used the word "slaughtering". That is the one you are getting at?

Mr. JOHNSTON: Yes.

[Sir Sam Hughes.]

WITNESS: I have explained it I think already, and there is no use taking up the time of the Commission on the pistols.

Hon. Mr. DUFF: That is a different matter.

The WITNESS: That was Canadian goods, and there was never any understanding that Allison was to touch a cent on Canadian stuff in the way of commission or anything else. We knew it had been done in 1899 and 1900, and I was bound it would not happen this time before Sir Robert's letters were written.

Mr. JOHNSTON: Now, try and confine yourself to the question?—A. I want to make it clear.

Q. I am going to give you an opportunity?—A. I will take it anyway. When Allison was knocked out of this proposed Committee by having a sub-committee of the council to be worked under the leadership of the Minister of Trade and Commerce it was a pretty hard knock to him, because he had been getting these for the British Government, and certainly made it look as though Allison had been playing a double part. Then we had that rifle ammunition business and he had cut that down to \$33 a thousand, and as a matter of fact I do not care whether he got \$2 or not. It was brought up yesterday that he got \$2. I do not believe he did. But whether he got \$2 or \$50 a thousand commission I would rather Allison got that commission of \$2 than that Flint & Company should get a profit of \$6.50 out of the British Government. But I never interfered or heard about it until the other day. We were talking in general terms, and he said he would go into buying on his own account. I said "Fire ahead", and as far as I was concerned I would only be too glad to see him do well. I thought he had been badly used in this matter. Then the question came up—he was talking about the War. He is sort of sentimental and he was feeling all blue about the boys going away and he didn't think he should take anything on Canadian goods or British goods, but he should take commission on French and other goods. I thought he was a little slushy, as you said, for I don't think there is a Canadian or a Yankee dealer that does not skin them all he can.

Q. That is a pretty bad record?—A. I told him I thought he was talking nonsense, and I thought he might take a fair commission, "But don't try one on these fellows in New York who are asking these outrageous prices." I had only tried to talk to him as a friend. I said "Whatever you do, preserve your good name and take the smallest possible prices you can." That is all that ever transpired.

Q. Your word "fair" would cover it, because if it was more than it ought to be it would be unfair; if it was less than it ought to be it would be equally unfair in favour of Allison?—A. Who is to judge?

Q. Perhaps a man's conscience. I do not know. Of course, you would not give us credit for having any article of that kind. Was that all that took place between you and Allison in regard to the question of commissions?—A. All that I ever remember.

Q. Will you tell me what distinction to-day or any other time you draw between British and Canadian matters?—A. What is that?

Q. What distinction do you draw having regard to the question of commission between British and Canadian matters?—A. So far as I am concerned, so long as my Department controlled the purchasing I took particular pains to have no middlemen prices if I could help it.

Q. If you could help it.—A. With anybody.

Q. But if you were buying for the British Government?—A. If I was looking after the British Government I would like to keep prices down as low as I could.

Q. What, about commission?—A. I have never charged any commissions.

Q. No, you do not get my question. Do not get that idea into your head. I mean these American manufacturers and brokers and so on?—A. I have yet to find a dollar's worth of goods sold by the United States to Great Britain that has not paid a commission.

Q. You have yet to find it?—A. I have yet to find it by anybody.

Q. Take these fuses, etc., that we have been talking about so long, they were ordered through you?—A. What is that?

Q. They were ordered through you? I mean the transaction was through you?  
—A. Was it?

Q. Didn't you have to approve or sign it?—A. It was ordered through the Shell Committee.

Q. Well, the Shell Committee?—A. No.

Q. Couldn't you have dismissed the Shell Committee if you had wanted to?—A. I don't think I could.

Q. Why not?—A. Not after it was constituted. There was no need of doing it.

Q. I do not say there was. I am only getting your attitude to the Shell Committee?—A. Yes.

Q. The Shell Committee?—A. Yes.

Q. I think you called it figuratively your baby and were going to stick to it until the last button was off its coat?—A. I have stuck to it.

Q. I have no doubt?—A. I presume as you are a lawyer you know that contracts cannot be broken on the idle breath of anybody.

Q. You think you could have broken them if you found any fault?—A. Not unless they were doing something wrong.

Q. Put it that way. If you found they were doing something wrong you felt you had power to disband the Shell Committee?—A. I don't know. I never thought of it.

Q. Do you say now you have that power?—A. I do not think I am called upon to answer that until the question arises.

Q. Do you know who could disband that Shell Committee?—A. That is a question. The Shell Committee disbanded itself.

Q. You think your relative position was that you had no control over it in that way?—A. I am not saying anything of the kind. I am not saying what I think.

Q. Had you? I want to get at the distinction as between Canadian and British orders?—A. Anything I did with the Shell Committee I did acting as the representative of the British Government and not as a representative of the Canadian Government or the people of Canada. If you had studied that memorandum I put in yesterday as well as you should you would see that difference.

Q. What difference does it make?—A. First—

Q. Do you mean there is any distinction between Canadian action and British action on the War?—A. I consider there is. We are paying for the Canadians, not for the British.

Q. Paying for the Canadians, paying for their ammunition?—A. That is not settled. We are maintaining our men in the field. The British authorities are supplying the ammunition.

Q. You are paying a certain portion of the price. I want to get the distinction in your mind between Canadian and British matters.

Sir WILLIAM MEREDITH: Is it not perfectly plain, Mr. Johnston, that things that are purchased through the Militia Department on account of the Canadian Government are Canadian?

The WITNESS: Sure.

Sir WILLIAM MEREDITH: Things that are purchased through him as representing the War Office for Britain are British.

The WITNESS: Certainly.

Mr. JOHNSTON: That would not settle the matter.

Sir WILLIAM MEREDITH: I am not saying so. That is the distinction.

Mr. JOHNSTON: I want to go a step further if I may, and it is this.

[Sir Sam Hughes.]

Q. Having drawn that distinction between purchases by the Militia Department here and purchases by you for Britain, what distinction is there in fact between the ultimate result of either of these purchases?—A. How do you mean?

Q. Of course, I am not familiar with the Militia practice or with the War Office practice to know. You say there is that distinction between the British and the Canadian, as the Chief Justice has pointed that, that is, that things that are bought here for Canada are called Canadian?—A. And paid for by Canada.

Q. Were the fuses paid for by Canada?—A. Things that are bought here for Canada are paid for by Canada.

Q. Take fuses?—A. The fuses are not bought here for Canada.

Q. Does Canada pay any portion of that?—A. No, not a cent.

Q. Any portion of the shells?—A. No, not a cent.

Q. That is all paid for by Britain?—A. Yes.

Q. Don't the Canadians use these shells the same as others at the Front?—A. They do, but Britain furnishes the ammunition.

Q. To Canadian and all the other troops?—A. Yes, to the French and Russians, a great deal of it.

Q. That being so, then it would be to the interest of Great Britain more so than to Canada to have these things as low as possible. Of course, you will admit that, to have all the purchases as low as possible?—A. That is a self-evident fact.

Q. That is a self-evident fact?—A. It should be.

Q. Then if you buy five million fuses and five million shells and complete them and send them off, would you tell me what position that would be in? Take the case in hand; what is done?—A. The Shell Committee ships them to England.

Q. What takes place now for instance. These contracts are all completed and they are all landed at Quebec or Montreal, or wherever it is, the five million shells with fuses and all; what is done?—A. Shipped to the British Government Ordnance Department.

Q. And paid for through the Imperial Munitions Board?—A. The British Government pays for them all.

Q. I know; but they are paid through the Munitions Board?—A. Yes, they were paid through the Shell Committee.

Q. And that being so, what difference would it be if Canada ordered these for herself and sent them over to Great Britain?—A. What difference would it be?

Q. Yes?—A. Canada would pay for them.

Q. Would Britain, according to your regulations, have to repay?—A. That is something I am not settling.

Q. I know. But I mean the understanding at the present time?—A. The understanding at the present time is that England furnishes the ammunition.

Q. And Britain would pay for these very goods that come through Canada according to the understanding at the present time. You do not know what may happen in the future?—A. We have not sent any shells, so I do not know.

Q. You have not sent any shells to Great Britain?—A. Except we loaned them some of our own, which are to be returned to us.

Q. Now, I do not yet understand, I may be very dense this morning, but I would like to know, supposing that Canada orders 200,000 shells complete, and pays for them and sends them over to Great Britain, and they are used at the Front by Canadian and British soldiers and the Allies generally, if required, who pays for those shells?—A. If Canada orders them Canada pays for them.

Q. That is what is being done at the present time if it does happen?—A. It is not being done at the present time at all.

Q. There is none sent?—A. We have not sent any shells from Canada as Canadian shells at all.

Q. No, you have not sent any. Then there is no contract at all upon which commission could attach so far as Canada is concerned?—A. I don't know what you are talking about. Give us a specific case.

Q. Oh yes, you do know?—A. Put it in the form of a question.

Q. Is there any contract—that is in the form of a question—is there any contract which you would call a Canadian contract now being carried on as between here and Great Britain?—A. Not between the Canadian Government and the British Government, not that I am aware of.

Q. So when there is talk about commission on Canadian contracts, or whatever you may choose to call them, it does not exist, because there are no Canadian contracts of that kind?—A. What do you mean?

Q. There are no Canadian contracts with Great Britain on which any commissions could attach, because there are none existing?—A. I am not aware of any.

Sir WILLIAM MEREDITH: There are contracts made for the purchase of all sorts of things by the Munitions Department.

Hon. Mr. NESBITT: Boots, clothes, saddles, blankets, tents.

Mr. HENDERSON: Tooth brushes.

WITNESS: No, excuse me.

Mr. JOHNSTON: Perhaps I am not far astray at all?—A. They are made with individuals.

Q. Explain the position of matters, General Hughes, and I will not ask you any further questions?—A. The Canadian Government is not selling to the British Government. We have loaned them stuff, but any stuff we loaned is held on an open account and is supposed to be returned. For example, I may give you this instance. We sent over for the First Division 51 trucks. When the Division went to France our trucks were rejected and 51 trucks were supplied us from the British stores. They are put in at a cost of \$5,240 each. We furnish our own trucks at wholesale rates. We made a deal to furnish our trucks wholesale through Colonel Allison at \$2,800, and they are better trucks than we paid \$5,240 for. For the Second Division they supplied us with motor trucks or lorries, ours not being ready owing to the fact that I was smashing a combine here and forcing the price down, and I have made an arrangement that they furnish the trucks and accept ours at \$2,800 in lieu of them.

Q. What was done with those not taken? —A. They are at our camps at Bramshott and Shorncliffe and are better than the ones we took in lieu of them.

Q. Then I was not very far astray when I said there are not any specific contracts with Great Britain on which any commissions would attach?—A. Dealing with the Canadian Government or the Canadian people?

Q. I do not draw any distinction. I am speaking generally, because you draw the distinction between British and Canadian contracts?—A. I allude to Canadian contracts, contracts for the Canadian Government.

Q. Then I ask you what contracts those were?—A. For the Canadian Government?

Q. Yes?—A. We bought guns, pistols, and things of that kind for ourselves, and a lot of other stuff.

Hon. Mr. NESBITT: Machine guns.

WITNESS: Machine guns. We are buying thousands of stuff.

Hon. Mr. DUFF: The Canadian Government is not buying for the British Government?—A. No. We had a sub-committee of the Privy Council that supervised buying for a time. It was cleaned out. It was a failure.

Q. Mr. Johnston's question rather suggested to me another question, and I thought perhaps what he was leading up to, and probably you would like to explain it, was this: The principle of "No middlemen" was your principle when you purchased for the Canadian Government?—A. My principle, and it is to-day.

Q. I supposed Mr. Johnston's question was leading up to this. If that was your principle when you acted for the Canadian Government, why should you not apply the same principle if you acted as agent for the British Government in any purchasing to-day?—A. I never asked a man yet to lose money on a contract, but I have always tried to get the price down to the lowest point.

[Sir Sam Hughes.]

Q. I thought, General Hughes, that this might help you to answer the question. Is the policy of the British Government, so far as you know it, the policy of "No middlemen" in their purchases?—A. On the contrary, it is a policy of abnormal profits. They pay \$5,240 for the motors that cost us \$2,800. We get our motors to-day for 25 off, they get the same motors for 10 off.

Mr. JOHNSTON: However, that is the answer you give to Mr. Justice Duff's question. I had it in my mind that that perhaps was more a matter of argument than of fact.

Hon. Mr. DUFF: Yes.

Mr. NESBITT: Just in answer to that, Mr. Johnston. Morgan & Co., get a commission on every dollar's worth of business that is done for Britain.

Mr. JOHNSTON: Mr. Hellmuth will be apt to call you if you do not look out after he is through with General Hughes.

Hon. Mr. NESBITT: I could give you some very enlightening evidence.

WITNESS: If you want evidence on those lines, Mr. Johnston, we can furnish a lot. That was our object from start to finish, to smash out these commissions.

Mr. JOHNSTON: Another matter, and you can deal with this very shortly. You say you did not know anything about the graze fuze. When did you first know about the graze fuze?—A. When I came back from England, whatever date I came back, late in September or early in October.

Q. Look at exhibit 45 and see what light that throws on it. I see that on the 17th of April, 1915—exhibit 45—you got a cablegram from Troopers to yourself.—A. That was for the Shell Committee.

Q. To the Minister of Militia.—A. I never read it.

Q. That is what it says. "Your telegram No. 105 code. Can Shell Committee divide five million rounds" and so on. "Fuse for shrapnel must be 22 seconds, but for high explosive graze fuze. Where will fuses be obtained?" Now, did you know at that time that there was such a thing as a graze fuze?—A. I have no recollection of ever seeing that cablegram. Those cablegrams never came to me; they came to the office, were decoded, and sent right to the Shell Committee.

Q. That is what I assume. The answers were given generally by Colonel Carnegie?—A. By somebody. Lots of them I never saw at all. There was one where I think the last two paragraphs were mine.

Hon. Mr. DUFF: What is the date of that?

Mr. JOHNSTON: The 17th of April, 1915.

WITNESS: Not that cable.

Hon. Mr. DUFF: That is the cable for the five million rounds. You must have sent that cable?—A. Yes. They brought it over to my office one night. I think they were sending a separate cable and I sent mine as I thought separately, but instead of going separately they went in one cable.

Mr. JOHNSTON: On the 23rd of April somebody is supposed to have answered, "Fuses will be made to suit your requirements and will be obtained from large organization in the United States who will move their plant to Canada later." You remember that?

Hon. Mr. DUFF: That is your paragraph?—A. No, no. I don't remember seeing any of these cablegrams. What is the date of that cablegram?

Mr. JOHNSTON: The last one was the 23rd of April, the other one was the 17th of April.—A. I don't think I ever saw or heard of them. I mean generally those would come to be decoded and be sent to Montreal and the answer sent back to General Bertram or somebody, and I would never see them.

Hon. Mr. DUFF: The 26th in reply to the 25th.

Mr. GRANT: Yes, and these last two paragraphs.

Mr. JOHNSTON: Now, the 26th of May, 1915, "In addition to the following firms now making parts of number 100 fuse." Did you know what that was?—A. Never heard of it, no recollection of it. Is that the whole of the cablegram?

Q. No, I am just referring to the part relating to the fuse. The paragraphs that bear the stamp of General Hughes are apparently these two: "I am satisfied with the negotiations of my Shell Committee, which have been marked with extreme caution and minute examination." Or was that Colonel Carnegie?—A. I think that is mine.

Q. I think so.—A. I will father it.

Q. I am not raising any question on that.—A. What is the date of that.

Q. The 26th of May.—A. That is right.

Q. "There will be no interference with present manufacturers now engaged on fuses. The report is unfounded and appears to have emanated from disappointed promoters."—A. Hear, hear. Courtenay Bennett and his outfit.

Q. Now, when you are so free about interjecting Sir Courtenay Bennett, why don't you tell me a little more about him?—A. There is an instance there where he butted in and got what he deserved.

Q. He is an old man?—A. He is out of New York anyway.

Q. Do you know him?—A. Never saw him in my lifetime.

Q. Did you know that before Yoakum appeared in connection with the fuse contract the prices of fuses had been brought down by Bertram or by somebody to \$4.50, and that that was their proposal?—A. They had not.

Q. Did you know that on the 26th of April, 1915, that they had named as a minimum \$4.50?—A. I knew that was put in a list at the time, yes.

Q. Did you know that Yoakum, according to the evidence, did not come over here to talk about fuses until the 18th of May?—A. But I know Yoakum was in the deal the first week or two in April.

Q. He was over looking after cartridges?—A. That was in March.

Q. Did you see him in April?—A. I don't know when I saw him, but I knew long before that date.

Mr. HENDERSON: Before the 26th?—A. And there were other ways of getting prices down.

Mr. JOHNSTON: Quite so.—A. We let Bertram know things, we wrote Bertram to let Harris & Company know. I let Harris & Company know myself.

Q. I understand Harris said he did not appear here in regard to fuses until the 18th of May?—A. I don't know. He spoke of New York when Colonel Carnegie was there before.

Mr. NESBITT: I think it was the 17th of April.

WITNESS: He spoke of being in New York early in May.

Mr. JOHNSTON: On the 26th of April. See if you remember those dates?—A. I have nothing to do with those dates.

Q. You do not know what I am asking?—A. I know, when the price was down to \$4.50.

Q. No, I am not asking that. On the 26th of April the War Office contract was closed for the fixed ammunition, was it not, five million?—A. I don't know anything about it.

Q. On the 28th of April you were in New York with Allison?—A. I was in New York, I don't know about the 28th or the 29th, and Lloyd Harris was there too.

Q. Yes; but you were there some time on the 28th or the 29th of April and met Allison?—A. And met several others.

Q. Oh yes, of course. Then on the 1st of May do you remember at your request Carnegie going to New York?—A. He went some time at my request, I forget what date.

Q. That would be shortly after you had been in New York and seen Allison?—A. He had been requested by me to go before then.

[Sir Sam Hughes.]

Q. But he did go on the 1st of May?—A. I don't know anything about it. He was in the West.

Q. You have not any way of fixing that in your mind?—A. Only that Carnegie was away in the West and got back the latter part of April.

Q. Do you remember he went down the beginning of May?—A. I remember telegraphing Allison to meet him. He told me he was going and I asked him to see Allison, and I think I telegraphed Allison to meet him.

Q. To go and see him about what?—A. About fuses.

Q. You were then dissatisfied with the prices that the Shell Committee were working on or had got, you thought they ought to be cheaper?—A. I had been working on this long before that.

Q. I know. You were dissatisfied with the prices, you thought they were too high before that?—A. Yes; and then I was not satisfied with the \$4.50, I thought it was altogether too high.

Q. Did you meet any of these gentlemen who afterwards got contracts?—A. Name them.

Q. You know who they are?—A. Do you mean Harris, Patterson? I don't know whether I met them that day or not. I met Yoakum, I didn't meet Bassick.

Q. In New York?—A. Yes.

Q. He was here too in Montreal?—A. I did not meet him in Canada. I was not on that business, I was down on other business.

Hon. Mr. DUFF: Did you ever meet Bassick at all?—A. Oh yes, he was up here. I tell you how I remember it.

Q. I do not want you to go into it.—A. He bribed me once by giving me a pencil worth three cents, made of lignum vitae.

Mr. JOHNSTON: You had not much of an opinion of his judgment?—A. He is a very clever man I believe. I only saw him a few minutes one day, and he was pointed out to me as a very clever mechanic.

Q. He was not giving away any very valuable presents anyway to General Hughes?—A. He did not, only a very nice pencil.

Q. Did the Shell Committee during its lifetime make reports to you from time to time?—A. Oh, periodically General Bertram would submit to me statements of the business, that is blanket figures, but I rarely ever read them.

Q. The reason I ask that is that I notice Sir Robert Borden said in the House that these reports were made weekly?—A. Well, they came weekly, but I didn't read them weekly.

Q. You had other things to do more important than reading Shell Committee reports?—A. No, but I thought I could trust Bertram and Carnegie to the death.

Q. How were the reports?—A. Typewritten, if I remember rightly. I never read only the totals. There would be a very long list of contractors and what they were doing. I think we have had them before. I never read them at all.

Q. Where are those reports?—A. I don't know whether they were weekly or semi-monthly.

Q. Do you know where they are?—A. No. I haven't the slightest idea.

Hon. Mr. DUFF: That is, for those months?

A. I don't know. I haven't the slightest idea. They have them all, anyway. They are mere copies of some sheets they would give in.

Q. General Hughes, as a matter of information, should you describe the ammunition that is used for the 4.5 Howitzer as fixed ammunition?—A. Yes, sir. Fixed ammunition is ammunition that is complete, ready to put into the gun.

Q. I thought that was only applied where the propellant was in a receptacle affixed to the cartridge, or affixed to the shell at the time; in the 4.5 Howitzer I have the impression that the propellant rests on the powder and that there is no actual fixed connection between the shell and the propellant?—A. In many cases they are, and in many cases they are not.



Mr. JOHNSTON: In Mr. Allison's examination, at page 1054, my learned friend put in this document as part of Exhibit No. 311 (with that you are not concerned, except as to the subject matter), it is to the Minister of Militia from "Troopers," "Your telegraphic offer"—

A. From whom?

Q. This is from "Troopers" to you.

Mr. HELLMUTH: Of what date?

Mr. JOHNSTON: The date is not put in here. "Your telegraphic cipher No. 129 of the 15th. I will read you some of these items:—

"Of clothing, the following items are urgently needed. Lumbermen's waist coats, cardigans, warm drawers, flannel shirts and two hundred thousand pairs each of socks and ankle-boots."

A. That would be in September.

Q. All drab serge for trousers and service dress, jackets and trousers and drab cloth for greatcoats which can be bought and sent forward at once.

Then follow the specifications, if they can be called such:—

Complete sets of saddlery any pattern suitable for military purposes all that can be delivered up to 5,000 sets by December 31.

All the horse rugs that can be delivered by December 31 up to 200,000.

All horse collars that can be delivered by the same date up to 30,000.

Harness pole draught G. S. any complete sets for six horse teams that can be delivered by 31st December.

You will arrange it is understood to have all inspected and passed as fit for service.

As much as possible to be shipped with vessels bringing Canadian contingent and balance as early as possible afterwards.

Was that the stuff Allison was working on?—A. Some of it. The stuff Allison was working on included lorries, it included horses and a great many other things, such as ammunition for the British Government. That was what he was working on for the British Government.

Q. What about the others?—A. Hay, oats, etc.

Q. No, cardigan, shirts, socks and ankle boots?—A. I don't know whether he looked after them or not. You mean, in case the proposed committee had gone on?

Q. I mean in September of 1914. That was the time I intended forming this committee, and that was the stuff and everything else the British Government wanted to contract for in Canada or in the United States as the British Government I purposed should be done through this committee, of which I suggested Allison should be the head.

Q. Was that order ever filled?—A. What order?

Q. The order spoken of here?—A. I don't know anything about it. I never filled it. I never looked at it.

Q. Did Allison fill it in the United States?—A. No, he did not fill it in the United States. All he was to do was to get prices.

Q. But did he get the prices for this order?—A. I don't know.

Q. Was this order to your knowledge filled through United States houses?—A. I don't know anything about it.

Q. Do you know whether any part of it was filled through Canadian houses?—A. No.

Q. Who would be able to tell you that?—A. I don't know; the British Government could, I suppose.

Q. There was a Morgan file, or a Webb file, or whatever you choose to call it—have you it here?—A. No. Mr. Brown can show you the files, if you want to see

[Sir Sam Hughes.]

them. I don't know anything about them. The only things I have got are what I showed yesterday.

Q. You have no other papers you can produce now?—A. I saw Brown, and I said he could come and give evidence. I saw a telegram here which should go in, but I am not going to put it in unless you want it.

Q. Look at these papers?—A. I never read them. If you want me to read them, I will read them. The telegram to Morgan must have been a mistake. That is what I explained yesterday about the two belts and one belt.

Q. But you did have correspondence with a man named Colonel Morgan, didn't you?—A. I presume so, I don't know.

Q. This has nothing to do with belts, this has to do with five million time fuses?—A. What is the date?

Q. The date is May 11, 1915. See if you recognize it:—

NEW YORK, May 11, 1915.

Major General SAM HUGHES,  
Minister of Militia and Defence,  
Ottawa, Canada.

DEAR SIR,—For your private information—

Sir WILLIAM MEREDITH: You had better not read it until it is proved.

Mr. JOHNSTON: He won't look at it, apparently.

Q. Look at it and see if you think that is the correspondence, and see if there are one or two answers of your own there?—A. I don't remember it, but there is nothing there that I have any objection to being read, nothing that concerns me whatever in the matter.

Q. It is only to fix certain questions and facts probably?—A. The mere fact that Morgan would write a letter to any one in my office is nothing. I would consign it to the waste paper basket at once.

Q. That might recall it to your mind as one you sent?—A. That may have been sent by some of my officers; I don't remember.

Q. You would have perhaps some record of it; this is part of the correspondence I have been asking for?—A. To whom it is addressed?

Q. To Colonel Frank E. Webb?—A. You did not ask me anything about Webb.

Q. I asked about Morgan—perhaps it is my mistake:—

Telegram received, have no blue prints at hand, may send later.

SAM HUGHES.

A. The mere fact of Morgan associating himself with Webb would prevent my wasting a second on him.

Q. Have you any objection to my reading this correspondence?—A. Not the slightest.

Mr. JOHNSTON: The Commissioners have no objection to it being read, I presume.

Hon. Mr. DUFF: No.

WITNESS: From whom is the letter, Mr. Johnston?

Mr. JOHNSTON: From Morgan. This is perhaps what gave rise to your suspicions that everything was not right?—A. Where?

Q. In New York.—A. I knew long before that that everything was not all right, Mr. Johnston.

Q. I will read this correspondence:—

NEW YORK, May 11, 1915.

Major General SAM HUGHES,  
Minister of Militia and Defence,  
Ottawa, Canada.

DEAR SIR,—For your private information I have the honour to report the following transaction for which is due the kindness of Captain Frank Webb. Captain Webb, you will remember, had the pleasure of meeting you at the Manhattan Hotel when you arrived from England.

Mr. R. A. Brown, B. F. Yoakum and J. B. Craven have approached Captain Webb relative to the manufacture of five million time fuses being Number 102-L, 3280, which he is informed is a contract being let by you in the United States, and I may add that Captain Frank Webb is informed that you are to be charged a price of namely \$4.50 each for these fuses. I feel it my duty to report to you in order that you may know the true facts in the case. Captain Webb has agreed to supply these fuses to the above mentioned gentlemen for the sum of \$3.50 to \$3.75 each.

Q. Do you remember that?—A. No.

I have, however, the honour to state that Captain Webb will be only too pleased to accept your contract for these fuses or the contract of the Shell Committee duly authorized by you for a sum ranging from \$3.50 to \$3.75 each.

Captain Webb has behind him and represents the biggest manufacturing interests of time and percussion fuses in this country, as well as the advice and support of the experts in the United States Government Arsenals, and his position in this matter is a unique one. Time and percussion fuses of the Russian type have been offered for sale here, and are being purchased at a price ranging from \$4.50 to \$5.10 each. It is, therefore, not surprising that the above-mentioned gentlemen intend getting a price of \$4.50 from your Government, but inasmuch as there is a difference of 75 cents to \$1 per fuse, I feel it my duty to you to save you that amount on a contract of this magnitude.

I enclose you a copy of commission note to R. A. Brown relative to this purchase, and I also beg to give you the following from a letter addressed to B. F. Yoakum and J. B. Craven:—

In reference to negotiations with you for fuses for the Shell Committee, I hereby confirm, on behalf of myself and associates, that any difference between the price agreed upon to manufacture these fuses and the price at which we are instructed to enter into the contract with your buyer, is to be refunded to yourselves as and when such fuses are paid for by the purchaser. And a formal contract covering the intention of this agreement shall be entered into simultaneously with the signing of the contract for the manufacturing of these fuses.

The copies of the original letters in this transaction are at your disposal, and knowing you as I do I feel that you would not, under any circumstances, grant a contract on which profit is so excessive as in this instance.

I desire to beg you, under these circumstances, that if such a contract is really to be issued that you will, in consideration of Captain Webb's frankness in this matter, see that he is given every opportunity to receive this contract direct, and thereby save for your Government the exceedingly large sum of money, besides the honour to which it is due.

I understand that you desire that Colonel McAvity receive part of this contract. Captain Webb has had the pleasure of meeting the Colonel in Boston

[Sir Sam Hughes.]

and calling on him in St. John's, and will gladly work with him in this issue. Captain Webb's address is 461 Fourth Avenue, New York City.

I have the honour, sir, to be

Your obedient servant,

COL. MORGAN.

(Part of Exhibit 328.)

The next is a letter to R. A. Brown in reference to the five million fuses, from F. E. Webb.

May 7, 1915.

Mr. R. A. BROWN,  
500 Fifth Ave.,  
New York City.

MY DEAR SIR,—In reference to the five million time fuses, 102/L, 3280, beg to advise you that we will deliver same at \$3.50. We will begin delivery within 30 days after receipt of order and deliver not less than 5,000 per day; better deliveries if possible.

I also beg to advise you that this order will be supervised by either Mr. Tucker, or an expert equally as good or better, to handle the fuse expert end.

Increase or decrease of this quantity to be handled at the same ratio.

Yours very truly.

(Part of Exhibit 328.)

—A. To whom was that letter sent?

Q. Webb sent this letter to Brown, to R. A. Brown—did you know him?—A. I never heard of him.

Q. There is another letter from Webb. This is what is referred to as a commission note.

May 7, 1915.

Mr. R. A. BROWN,  
500 Fifth Avenue,  
New York City.

DEAR SIR,—It is hereby agreed that if the order is placed in my hands, accepted and carried through, for five million time fuses, or any part thereof, being \$102/L, 3280; I agree to pay to you the sum of five cents per fuse, same to be paid through either the Equitable Trust Company or whatever bank the financial arrangements are made with, or direct from me as you so designate. This five cents per fuse to be in full commissions.

Payments to be made as goods are delivered and paid for.

Yours very truly.

(Part of Exhibit 328.)

—A. To whom is that addressed?

Q. That is addressed to Brown.—A. By whom?

Q. By Webb. Then there is a cablegram from Frank E. Webb to Major General Sir Sam Hughes, Minister of Militia and Defence, Ottawa.—A. A cablegram from where?

Q. It is a telegram rather, from Webb. It says:—

May 13, 1915.

Major General SAM HUGHES,  
Minister of Militia and Defence,  
Ottawa, Canada.

Will you be kind enough to send me to-night blue prints of fuses number One Hundred Two Line L which contract is now out five million. Have been promised blue prints by Craven and Yoakum but not delivered as yet. My price bid will be in conformity with Morgans letter: You name figures I will supply. Am prepared to qualify for this contract immediately. Best experts and factory facilities working with me.

Please accept this at tender. Confirm by letter. Please reply my expense if you have received Morgan's letter. Very important to have blue prints tomorrow.

FRANK E. WEBB.

Charge to Frank E. Webb,  
461 Fourth Ave.

(Part of Exhibit 328.)

—A. To whom was that addressed?

Q. To you, on May 13, 1915. On the same day apparently this telegram went back to Frank E. Webb.—A. Is it a telegram from Webb to Morgan?

Q. No, a telegram from Webb to you. Your reply to Webb was:

May 13, 1915.

271 N.Y. M3 11. 8.35 P.M.  
Ottawa, Ont., May 13.  
Colonel Frank E. WEBB,  
461 Fourth Ave.

Telegram received have no blue prints at hand may send letter.

SAM HUGHES.

(Part of Exhibit No. 328.)

There is also a letter from Webb to you of May 15, 1915:—

May 15, 1915.

Major General SAM HUGHES,  
Minister of Militia and Defence,  
Ottawa, Canada.

SIR,—In reference to the letter signed by Colonel Morgan in reference to my wire, copy of which I enclose, beg to state that I can furnish these fuses between \$3.50 and \$3.75 and will give the exact price as soon as I can have the drawings.

The drawings were brought to me by Mr. Craven and Mr. Brown but not left in this office and I have gathered together my plants and United States experts for loading to go over the prices and if successful to furnish these fuses.

I have talked with Mr. Bassett and he is willing to do anything within reason but as Colonel Morgan's letter explained to you the details I found these gentlemen were trying to play with me, I therefore, my dear General, have come to you direct and will do just as you say in this matter. You know enough about me to know that I am not taking Government contracts unless I can fill them. I have been too long in that business and I would not fall down on anything with you any quicker than I would with my own Government and remem-

[Sir Sam Hughes.]

ber again, my dear General, there is a personal element in this matter. While I have met you very pleasantly I have a great deal of respect for you as a man, I have not forgotten my mother's family, General Settle and his connection with you, so for that reason if for no other, I would see to it that this contract was properly filled.

Awaiting your commands, I am,  
Very respectfully.

(Part of Exhibit No. 328.)

—A. Read that last again, please.

While I have met you very pleasantly I have a great deal of respect for you as a man. I have not forgotten my mother's family, General Settle and his connection with you, so for that reason if for no other, I would see to it that this contract was properly filled.

—A. Was that Morgan?

Q. No, that was Webb; I don't know whether it was his mother-in-law he mentions?—A. He had the honour of serving in South Africa. But I never saw him, and am very sorry.

Q. Do you know Webb?—A. No. Are you done?

Q. Not quite. Here is a telegram dated June 14, 1915:—

OTTAWA, ONT., June 14, 1915.

FRANK E. WEBB,  
New York, N.Y.

Your night letter General Hughes. Eighth. No Drawings or Specifications of machines available here. Drawing fuses only given authorized contractors.

Military Secretary,  
Militia Department 733 p.m.

(Letters and telegrams marked as Exhibit No. 328.)

What do you say about these letters?—A. I haven't the slightest notion of ever having seen or head of any one of them.

Sir WILLIAM MEREDITH: It occurs to me that Mr. Yoakum ought to have been asked about that.

Mr. JOHNSTON: I never saw them until last night.

Sir WILLIAM MEREDITH: That is a pity.

Mr. JOHNSTON: It may be so. I cannot get evidence perhaps all the time when it is wanted.

The WITNESS: In relation to a letter of that class, that sort of thing would perhaps come by one of my secretaries. It is one I never saw, anyway. There are hundreds of letters I never see. A thing like that would be packed off to General Bertram, billed to him at once.

Q. So that General Bertram may have the originals. General Bertram says he never heard of them?—A. If Morgan sent that letter, the chances are a thousand to one that it would be consigned to the waste paper basket.

Q. Didn't you have a communication from Webb or Morgan about that time, in New York?—A. I have no recollection of it.

Q. You have no doubt these came to your office, whether you paid any attention to them or not?—A. The only interesting feature of it is that Webb appears + have been related to General Settle.

Q. You knew General Settle?—A. I know nothing against Webb, mark

Q. He is a very respectable man, and in a large way of business?—A. I don't know anything about him. I met him at one of those brokers' or something of that kind, but never spoke to him.

Sir WILLIAM MEREDITH: Any questions, Mr. Ewart?

Mr. EWART: Nothing, sir.

Sir WILLIAM MEREDITH: Have you any, Mr. Nesbitt?

Mr. NESBITT: No, sir.

Mr. EWART: I would like to ask General Hughes this question.

Q. Is there anything you wish to add to what you have already said?—A. There is just one point. I referred to it yesterday. I am desirous of letting these gentlemen know and I would like the public to know, but for various reasons you can understand that the whole of the general public should not know certain things, because it would bring certain people on the other side into trouble, but to show the work Allison was doing and the influence he had I would like the two Justices and Mr. Hellmuth and Mr. Johnston to read these two letters.

Mr. JOHNSTON: I don't think we ought to read them.

WITNESS: The public ought not to know it.

Mr. JOHNSTON: I do not want to take the responsibility of knowing anything that should not be made public.

Mr. HELLMUTH: May I ask a question?

Sir WILLIAM MEREDITH: Certainly, Mr. Hellmuth.

Mr. HELLMUTH: General Hughes, I notice that this Exhibit No. 328 does not purport to contain, in the first letter of May 11th, any signature at all, but in blue pencil is written "Col. Morgan," which I suppose would hardly be a signature?—

Mr. JOHNSTON: No, it would not.

Mr. HELLMUTH: The next letter, a letter to R. A. Brown, is not signed by anybody. I mean that it is a copy, evidently a carbon copy, and the initials F.E.W./R.S.P., and then there is something in blue pencil. "Brown and Craven were acting for Allison and Yoakum," with an initial—I don't know whether my learned friend can give that to us.

Mr. JOHNSTON: I did not read that.

Mr. HELLMUTH: It is on it. You cannot take things off. It must go in as it is. Can you give me any idea whose this initial is?

Mr. JOHNSTON: I cannot.

Mr. MARKEY: It is an FEW.

Mr. HELLMUTH: If it is an FEW, it is the most extraordinary FEW I ever saw.

Sir WILLIAM MEREDITH: We should know where these came from.

Mr. MARKEY: I got them from Captain Webb himself. The notes in blue he did not say were in his own handwriting.

Mr. HELLMUTH: I would like to probe this, because these letters struck me when they went in as being with respect to a contract, and I would like to have the gentlemen here. Perhaps Mr. Markey can bring them here.

Mr. JOHNSTON: Manifestly these letters were received.

Mr. HELLMUTH: That is what I am coming to. The General says he has no knowledge of them. I have asked for every document from the Shell Committee. At any rate, as an investigator on the part of the Government, I want this thing probed, and I ask Mr. Markey now to have him brought here.

Mr. MARKEY: I saw him in New York. He might come or he might not come on my invitation at all. I was told he had some information to give to me, and he was brought to me and handed these papers over to me.

[Sir Sam Hughes.]

Sir WILLIAM MEREDITH: Whose writing is that in blue pencil?

Mr. MARKEY: It is in his own handwriting.

Mr. HELLMUTH: It is a very unsatisfactory thing, that any papers should be produced here purporting to be given by anybody connected with this investigation, when we have it only as secondary evidence.

Mr. CARVELL: It is primary evidence.

Mr. HELLMUTH: The General says he does not know anything about them, unless I have not grasped his evidence as I understand it.

Mr. JOHNSTON: There is enough evidence to show that they reached him, because there are one or two telegrams which show that.

Mr. HELLMUTH: I am coming to that. So far, I will deal with them in sequence, and I do not propose to deal with them in any other way.

The next is a carbon copy of a letter, or an alleged letter, to Mr. R. A. Brown.

Hon. Mr. DUFF: Before you go on to that, take the first letter, hasn't General Hughes some means of ascertaining whether or not he received a letter such as that at about that date?

WITNESS: I can find that out, sir.

Hon. Mr. DUFF: He can say what information he can get in regard to the correspondence.

Mr. HELLMUTH: I take it that he says he has no recollection of this letter.

WITNESS: Anything at the time that appertained to the Shell Committee was just put in an envelope and sent off to Montreal.

Mr. HELLMUTH: I propose, as far as in my power lies, to call those who were here—General Bertram I shall certainly call—in regard to this matter, also Colonel Carnegie, and will ask them if this letter was brought before them.

My submission is that if there is anyone who can give information in regard to this matter, we are entitled to have that information first hand, I care not whether it comes from the United States or whether it comes from Canada. If a gentleman is prepared to hand documents over to counsel, I think that gentleman might be prepared to come here and give an account of them.

Mr. JOHNSTON: The best way is for Mr. Markey to write to Mr. Webb at once and ask him if he is prepared to come here and say what he knows about these documents. He cannot compel him to come, of course.

Sir WILLIAM MEREDITH: Perhaps we can ascertain when these documents were obtained?

Mr. HELLMUTH: When were they obtained, Mr. Markey, may I ask?

Sir WILLIAM MEREDITH: Were they obtained before Mr. Yoakum was examined is the important point, to my mind.

Mr. MARKEY: I did have them before Mr. Yoakum, but you will remember that I was in possession of copies, and I could not produce them at the time, until we had General Hughes on the stand, when he could produce the originals. This is the first time General Hughes has been on the stand. That was the only legal way I could use them. I could not even attempt it. If I had attempted to put before Mr. Yoakum a copy of a letter written such as the one of the 11th of May, I think it would have been expunged from the record at the time, and I would not have been allowed to produce it. Therefore I had to wait until the opportune time to produce it.

Sir WILLIAM MEREDITH: What occurs to me is, that with all that information in the possession of counsel, when Mr. Yoakum was in the box he ought to have been interrogated as to the arrangements made with him.



Mr. HELLMUTH: Surely when Yoakum is alleged to have had a part with Allison he should have been asked about it.

Mr. MARKEY: From the standpoint only of the minister's attention being drawn to this matter on the 11th of May.

Mr. HELLMUTH: I cannot ask Mr. Yoakum to come here again and give evidence. It is not the General I am discussing now. But no witness has a right to be fairly charged with any impropriety when that evidence is in the hands of any one.

Hon. Mr. DUFF: If it occurs to you from what you have seen, and your observation at present that Webb's presence is desirable, I suppose the only thing to be done is to invite him to come.

Mr. HELLMUTH: First of all I will ask Mr. Stewart, who has been good enough to find papers for us, if he will please ascertain if there is any such file or any such papers among the Shell Committee's papers dealing with this Webb matter.

WITNESS: We will look it up.

Mr. HELLMUTH: Can you give me any assistance from your own recollection?—A. I have no recollection of it. My attention has been fixed on the second letter by the Settle reference in it.

Q. You see in this second letter—I don't know whether it was sent you or not—

Sir WILLIAM MEREDITH: Is it worth while pursuing this until we find out whether the documents are forthcoming or not?

Mr. HELLMUTH: I want to ask the General one thing. Q. In one of these letters, the letter of May 7, 1915, to R. A. Brown, this appears:—

"In reference to the five million time fuses, 102/L, 3280, beg to advise you that we will deliver same at \$3.50. We will begin delivery within thirty days after receipt of order and deliver not less than five thousand per day."

Did you ever have a statement presented to you that you could get time fuses at \$3.50, and that delivery would commence within thirty days of the date of order?—

A. Whoever wrote it, when Mr. Johnston read that letter I thought the whole thing was nonsense. In the first place Morgan is a fake, a fakir, a nice old gentleman, but he misrepresents his brother, he broke his mother's heart.

Q. What do you say about the price and the period of delivery?—A. It was absolutely impossible to deliver anything of that kind. That is what I observed. It is perfect nonsense—the whole thing.

Hon. Mr. DUFF: How would any proposal for the production and delivery of time fuses according to any such terms strike you, or how would it have struck you at the time—I mean more the terms of delivery?—A. It was impossible. They could not get the buildings up or the machinery together. They could not get the machinery in less than three or four months. I thought five months would be a very short time.

Mr. HELLMUTH: Were there any works at that time producing time fuses?—A. Not that I ever heard of, except Slocum's.

Q. Outside of the Arsenal, the Locomotive Works, and Scovill?—A. Not that I ever heard of.

Q. Will you please look that up, then?—A. Yes, sir.

Sir WILLIAM MEREDITH: Have you any idea, General Hughes, where these four or five letters Mr. Johnston read came from?—A. Which are they?

Q. There are about six of them?—A. None whatever.

Sir WILLIAM MEREDITH: I did not catch whether they were originals or copies.

Mr. JOHNSTON: They are copies. He did not dispute them. That was all.

Sir WILLIAM MEREDITH: I would like to know how they got into possession of counsel.

[Sir Sam Hughes.]

WITNESS: I may say, Mr. Justice Meredith, that we find our papers have been tampered with more or less, keys abstracted and stolen, our offices have been broken into, drawers smashed up, not only here but we find that some of these gentlemen in this case have been to New York and hired men to receive papers from certain offices there, and generally to carry on a campaign—not that I care, or that I care for being published, but it is rather annoying in the course of business to have that going on. I have affidavits showing where a man was paid to go to New York, to go and steal papers. There are gentlemen sitting in this room at this moment who know that. I have photographs of certain letters also.

Mr. JOHNSTON: Are we going into this? It is giving too much latitude.

Sir WILLIAM MEREDITH: It is a serious thing if documents of an important body such as the Shell Committee, or the Munitions Committee that succeeded it, can be obtained by any kind of misconduct, by bribing somebody or by abstracting them. I think that ought to be investigated right to the bottom.

Mr. JOHNSTON: But there is another way in which documents have been got—anonynously, through the mail.

Sir WILLIAM MEREDITH: But how could they have been got, if they were delivered to General Bertram? I can understand a man getting one of these letters, not using it, the letter sent by General Hughes and getting into General Bertram's possession, but I cannot see how it could get here except by improper means.

Mr. JOHNSTON: The copy itself came by mail, from whom I do not know.

Sir WILLIAM MEREDITH: But how did it come, unless the man had access to the originals?

Mr. JOHNSTON: Any of these men may have given this information to anybody.

Sir WILLIAM MEREDITH: That surely does not explain it. These are *verbatim et literatim* copies of letters.

WITNESS: I don't object to any of it.

Sir WILLIAM MEREDITH: But it is a matter of the safety of the public. It is a question of what safety there is for the public, in this country.

Hon. Mr. DUFF: It would be rather futile if all the secret documents of the Munitions Committee—I am not making any reference to these at all—but if the secret documents of the Munitions Committee were open to the exploitations of anybody who could furnish the price. It is serious, but as I say, I am not suggesting that these came in that way. You say they came by mail, anonymously?

Mr. JOHNSTON: I don't know. I will make inquiries in regard to that point, and may be able to give the Commisioners a little more information later on. They were given to me, and that is all I know. There is enough, if it is genuine, in those telegrams and that correspondence alone to show that they were received at some place in Canada. We got the copies, according to Mr. Markey, from the man. The others are copies as I understand of certain correspondence, certain letters that were given. That may have been done. I produce four or five of them, and that is all I have or have heard about. I do not know even the man's name, and know nothing except that I believe they are genuine. I can satisfy you upon that point.

Mr. CARVELL: Just a word before we adjourn. Copies or rather documents of which these are copies, these six documents came to me anonymously through the mail from the City of Montreal in the month of January last. I have no idea where they came from. I have received hundreds of anonymous letters the last year over questions of this kind. I put them in the hands of Mr. Johnston, and we thought we would take the chance of asking General Hughes if they are copies of letters, and he says they are.

Sir WILLIAM MEREDITH: I am very glad to hear you make that statement, Mr. Carvell. As far as I am concerned, I accept it unreservedly.

Mr. CARVELL: And I ask to be allowed to state here that I have never in my life attempted to get one particle of information from the Shell Committee except through Mr. Flavelle himself and from Mr. Flavelle. Mr. Flavelle has given me what he thought he had a right to give, which has not been very much. I have not asked him for very much. I wish to say this, that I have never asked him for any information which he has not given to me. As to any other matters, I certainly have never employed any person to steal letters from any source, or ever attempted to use any letters which I did not think came from the very highest sources. I do not think I ought to be asked to go any further than that at the present time.

Mr. MARKEY: In view of the last few remarks of the Commission, I would like to make a few observations in reference to certain persons in the room getting documents in an improper manner.

I am ready at all times to disclose the source of any documents which ever came into my possession. They all came into my possession in a proper manner. The people who furnished them came to me and voluntarily handed them to me.

Mr. JOHNSTON: He does not deny that he had the documents. Mr. Rathom of the *Providence Journal*, had a large file of documents, and he placed them at our disposal, but we have not used them.

Sir WILLIAM MEREDITH: Why don't you bring him over here?

Mr. JOHNSTON: Perhaps he is more satisfied at being in Providence, which is in Rhode Island.

Mr. HELLMUTH: He is the gentleman who gave the information I believe, that the Parliament Buildings here were going to be burned.

Mr. JOHNSTON: And he was not far wrong, at that.

Mr. CARVELL: He was the man who unearthed the Von Papen affair in the United States.

WITNESS: And the Jerome business, too.

Mr. JOHNSTON: My idea is that they came into his possession when he was investigating the Von Papen matter. I am talking of these documents.

Mr. HENDERSON: If you are going to close that incident, I will say for my learned friends that I am glad to accept their assurances, but to see to it that one or two of their more personal friends in Ottawa do not again go by accident into the private room of Colonel Allison.

Mr. JOHNSTON: That was a mistake. Is my learned friend speaking of Mr. Jacobs?

Mr. HENDERSON: I am not speaking of Mr. Jacobs at all.

Sir WILLIAM MEREDITH: This will be an opportune time for us to adjourn.

(Commission adjourned at 12.55 noon until 2.30 p.m.)

#### AFTERNOON SESSION.

(Examination of General Sir SAM HUGHES resumed.)

*By Mr. Hellmuth:*

Q. General Hughes, I wanted to ask you about exhibits 322 to 327 inclusive; being a number of letters that Mr. Johnston put before you as having been sent by you to General Bertram. Were there other letters sent by you?—A. I expect that there were dozens of them. My secretaries would take these and answer them, stamp them with a rubber stamp.

Q. I think those are copies probably.

Mr. JOHNSTON: Yes.

[Sir Sam Hughes.]

WITNESS: These are all copies. I have not the slightest doubt that they are genuine, that they are copies of the letters.

Mr. HELLMUTH: And you say that you would have sent dozens of others?—A. In this matter I may explain that when these people would call, or if they would write, one of my secretaries would take up the matter and draft the letter. There is nothing here, however, that I would not endorse, nothing whatever. It is the regular stereotyped form.

Sir WILLIAM MEREDITH: There is one there with regard to your own town?—A. My own town had not got an order of any description until this time.

Mr. HELLMUTH: That is in 1915, in March, I think, 1915?—A. Well, I do not think they had got it until later than that, I do not remember, but it was tried repeatedly, and they had not got an order, and I remember writing a letter. There is nothing wrong there. I am asking for my own town of Lindsay a small order, which I think I was entitled to do.

Q. But you did not get it?—A. I did not then. I told Bertram before this that he should give some of the manufacturers there something, as nothing had gone there except one order for boxes to a Grit, and he came back and boasted that he had got it through my influence. I wrote two or three letters and didn't get them. I do not apologize for anything I wrote.

Q. What I want to ask you is did General Bertram fill every order or every letter that you sent?—A. I do not think he filled one out of a hundred. That was just a stereotyped form.

Q. Have you been able to get those papers?—A. I looked up the Webb-Morgan papers, and the only thing we have is what was here this morning, two telegrams, one from Webb to me and one from me to Webb.

Q. Nothing but those telegrams?—A. That is all that is on file.

Q. No letters?—A. And Morgan's letter is not on file.

Mr. JOHNSTON: Perhaps that would be handed over to General Bertram?—A. He was in Montreal at the time.

Mr. HELLMUTH: I am going to call him later.

Q. At all events, you have not got it?—A. No.

Hon. Mr. DUFF: Would there be any register showing the receipt of letters?—A. Oh, no. There would be thousands of them, and as a matter of fact we did not keep letters pertaining to unimportant matters at all. Important ones we keep in a general file, then we have our specific files.

Mr. HELLMUTH: That is all.

Hon. Mr. DUFF: The General does not think it is all?—A. I am not particular at all, I have this—

Sir WILLIAM MEREDITH: That is not to be made public?—A. The only thing is this, I think that a great injustice has been done Allison, and I think that if the public knew the facts of the case he would wear a little crown.

Q. Of thorns?—A. He has had the thorns long enough.

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth?

Mr. HELLMUTH: I do not know, General, that it is necessary?—A. Well, I will take an opportunity in some other way.

Mr. JOHNSTON: You and Mr. Carvell can bring that out some other time?—A. I will be delighted to meet Mr. Carvell and all of his party that he can get to back him; he can get very few I am sorry to say.

Mr. JOHNSTON: He will be bringing out some other things himself.

Mr. HELLMUTH: Before examining Mr. Riddell, I would like to advise the commission and the counsel engaged that I have received this letter from Mr. Perry of the Imperial Munitions Board, dated yesterday, May 30.

Now, I felt that there might be a difficulty in having this information used unless the information could be made public. I merely suggest that it might be difficult for the Commission or the Commissioners to act upon this information and to refer to it in any way in any report which they may make without in that way making it more or less public.

There is another difficulty that naturally occurs to one and that is this: if these figures are given to the Commission—and I suppose if they are given they are to be acted upon—it would be only reasonable and fair that counsel either for the Shell Committee or for General Hughes, or for those who are representing the Opposition should have an opportunity of giving any evidence, if there is any such evidence, in explanation of the circumstances under which these prices came to be fixed.

Therefore, I feel that before actually putting in these prices that I ought to bring the matter before the Commission and counsel.

I have read the letter which comes from Mr. Perry, which I got this morning, and I would like to make it clear that the responsibility in regard to those figures which are here—and which I may say I have looked at, having that much curiosity—and I doubt whether that could be used at all. In view of what the Ministry of Munitions in England says, it can only be used by the counsel and the Commissioners, and I do not suppose that it could be alluded to in any argument, so far as that argument is public.

So far this has been a public inquiry. Everything that has taken place before this Commission has been open to the whole of Canada, and it is a question, if I might be permitted to say so, whether the public, who naturally are watching the inquiry might not feel that they were entitled to everything that came before the Commission or counsel.

Sir WILLIAM MEREDITH: You did not finish your statement. You said that you were placing the responsibility somewhere.

Mr. HELLMUTH: I place the responsibility with the Commissioners and with counsel.

Mr. JOHNSTON: Speaking for myself I could not undertake any responsibility with regard to matters of this kind, not made public. It seems to me that it is an impossible proposition.

Mr. HELLMUTH: I entirely agree.

Mr. JOHNSON: It is an impossible proposition to accept evidence which is not known to every one, because the findings of the Commission might depend upon that, and it might be that there would be nothing to support them.

Mr. CARVELL: On behalf of Mr. Kyte, I must take the same attitude as Mr. Johnston. There is no use in me attempting to conceal the matter. This is a public investigation so far as Mr. Kyte is concerned, and so far as Mr. Kyte's friends in the House of Commons are concerned; and I would not want any evidence to be given here that I could not comment upon either before this Commission or before the public, and I think, when the Commissioners consider the fact that this is a public matter which is being referred to by the newspapers every day—which will be referred to in the future both by the public and probably in Parliament—I think it would be highly improper that any evidence should be given that could not be given in a public manner.

During the progress of this investigation we have been met with a great many requests to eliminate the names of firms and persons interested in the manufacture of munitions, and I do not think that any blame can be thrown on gentlemen on my side of the case, and it cannot be said that we have endeavoured to bring in anything, or the names of any person which would militate against the public at large.

I do not think we ought to ask for the admission of evidence that cannot be made public.

Sir WILLIAM MEREDITH: Anybody else?

[Sir Sam Hughes.]

Mr. DEWART: I see the force of what has been so well said by counsel. All that the Minister is interested in is his perfect good faith, his willingness to disclose everything that can be disclosed. Even when the information is such that it cannot be given at the present moment to the public he offers it to be considered by the Commissioners and counsel. I quite sympathize with them, and if I were in their position I would take the same view. At all events, you see the position that the Minister is in. Mr. Justice Duff asked for this information the other day and we at once cabled for it. I have not seen it, but we have done all that we can.

Sir WILLIAM MEREDITH: Mr. Nesbitt?

Mr. NESBITT: Of course the only difficulty is the question of Col. Carnegie, as the expert adviser of the Shell Committee, as to why he took certain action.

Hon. Mr. DUFF: I understood that that list was not available then. That was stated by Mr. Gordon. Of course, Mr. Gordon could not know personally.

Mr. HELLMUTH: As I understand it, that list of Britain's prices was not available at the time that Col. Carnegie had to do with this five million fuse contract.

Mr. CARVELL: That is the evidence.

Mr. HELLMUTH: That is the evidence, and if my friend Mr. Nesbitt will permit me to interrupt him for a moment, I think it really has comparatively little bearing—if I may say so—in principle—because we have had from Mr. Cadwell and others the prices that did prevail, or at all events that he was getting for fuses at a date prior to the letting of this contract, and we have Col. Carnegie's own statement of his knowing of lower prices being obtained, so really it is not a matter that is actually vital or material, and as Mr. Carvell has said and as Mr. Johnston has said, and Mr. Ewart has concurred that it would be a mistake, I should think it would be a mistake at this stage to have anybody press for information which would be only within the breasts of counsel and the Commission. I do not know that you would want to press for that—

Mr. NESBITT: I would not, only for one answer of Mr. Gordon's at page 931, in which he spoke of lower prices in the United States commencing earlier than 1915.

Hon. Mr. DUFF: Of course, we have evidence as to prices in the States. We have Colonel Carnegie's evidence and Mr. Gordon's evidence, and, of course, that element in the situation does exist, that we cannot disregard evidence.

Mr. NESBITT: Very well.

Hon. Mr. DUFF: You understand what I mean, of course, that from your own point of view there is that evidence.

Mr. NESBITT: Quite so.

Hon. Mr. DUFF: I see your point, that it would be more satisfactory if it was complete.

Mr. NESBITT: There is only one answer, which I think is a little unfair to the Shell Committee. I think he was mistaken in his figures.

Sir WILLIAM MEREDITH: If there is anything of that kind I suppose Mr. Gordon will be available, and if the mistake is pointed out he can no doubt correct the error.

Mr. NESBITT: Yes.

Sir WILLIAM MEREDITH: I felt from the first, when a similar question to this was raised, that Mr. Carvell's position was entirely sound, that it was impossible for us to receive in confidence evidence which could not be made public. We would only receive it for the purpose of acting upon it, and to act upon it without spreading it upon the record would seem to me to be an improper course.

While I hope that whatever conclusion this Commission may reach may commend itself to public judgment, the ultimate tribunal to pass upon all these questions is the public of Canada, and they will be entitled to know everything that in any way tended to influence the conclusion to which the Commissioners should come.

It is satisfactory to find that this is the consensus of opinion among the counsel representing the various parties.

Mr. CARVELL: Might I ask a question? Is the press to be at liberty to use the figures quoted in the letter by Mr. Hellmuth?

Sir WILLIAM MEREDITH: I should think that would be under the seal of confidence. I understand Mr. Perry's letter to apply to every part of the information in that letter and the appended documents, is that not so?

Hon. Mr. DUFF: It certainly ought to be; the letter ought not to be put in.

Mr. HELLMUTH: The letter should be withdrawn.

Sir WILLIAM MEREDITH: Is that not so?

Mr. CARVELL: It is.

Hon. Mr. DUFF: Because it is information taken from this list.

Mr. HELLMUTH: Yes, I think so.

Hon. Mr. DUFF: Of course, we had Colonel Carnegie's evidence, but there it is, it has gone in.

Sir WILLIAM MEREDITH: That letter, then, will be withdrawn, and I am quite sure that the gentlemen of the press who are here will respect what has been said and not permit that information to go to the public. I do not suppose that the seal of secrecy would have been imposed unless there was some important public interest affected by the matter.

ALEXANDER FOWLER RIDDELL, sworn and examined.

*By Mr. Hellmuth:*

Q. Mr. Riddell, you reside in Montreal?—A. Yes.

Q. And what is your firm?—A. Riddell, Stead, Graham & Hutchison.

Q. And the business of your firm?—A. Chartered accountants.

Q. Chartered accountants, and you were appointed as financial adviser of the Shell Committee at a date which you have got?—A. "Financial Supervisor" was the title.

Q. And I believe you remained in that position until the Shell Committee disbanded?—A. Along sometime later.

Q. Yes, you remained with the Imperial Munitions Board until some date in January?—A. About the end of December.

Q. The Imperial Munitions Board commencing its work about the beginning of December, and you remaining and assisting until early in January, when you resigned, or the end of December?—A. Well, I put in my letter asking for relief in the early part of December, and remained at their request until certain matters were adjusted.

Q. You asked to be relieved?—A. Yes.

Q. When you entered upon your duties as Financial Supervisor, I suppose books had already been opened by the Shell Committee?—A. Yes.

Q. Can you tell me in what way the Shell Committee received moneys? How did the moneys come to the Shell Committee while you were there?—A. The custom was for a letter to be written to Mr. J. W. Borden.

Q. Yes?—A. In the Department of Militia.

Q. Yes?—A. Outlining the requirements for a week, or so far ahead, and in due time the amounts required would be placed to the credit of the Shell Committee in the Bank of Montreal.

Q. Who had control of that money, so far as you were aware, when it once came to the Shell Committee? Was control exercised by the Shell Committee or the Department of Militia?—A. By the Shell Committee solely.

[Alexander Fowler Riddell.]

Q. Were the various contracts—I call them contracts—with the Minister of Militia, representing the Secretary of State for War, made with him by the four manufacturing members I may call them of the Shell Committee—was each of those contracts entered up separately or not?—A. According to my recollection the first two were treated separately.

Q. That is the order for the two 100,000 shrapnel, 18-pounder and 15-pounder?—A. Yes.

Q. They were entered separately; and were the various amounts paid out on the sub-contracts kept in a particular account?—A. With regard to these contracts?

Q. Yes, those two?—A. Certainly, yes.

Q. Then, you could total up those two contracts at the end and see exactly what the amount was, say \$8.55, and what had been expended?—A. That was the intention of the account.

Sir WILLIAM MEREDITH: Does he call the 15-pounder and the 18-pounder two contracts?

WITNESS: I understand so.

Mr. HELLMUTH: When you are speaking of the two contracts, you mean the 100,000 18-pounder and the 100,000 15-pounder?—A. I believe so.

Q. Subsequently were they treated in the same way, because there were a number of other contracts?—A. They were grouped as regards the particular kind of ammunition; each kind of ammunition was put into one group or account; they were not separated in respect to the number of the orders from the War Office.

Q. They were not separated. Let me understand. Supposing you had an order for certain shells coming in one day, and a week after you had another order for exactly the same class of shells, would those both be put together?—A. They would be treated together.

Q. In one account?—A. In one account, yes.

Q. And the sub-contracts for the component parts of these shells would be kept separate, but going in together. That is to say, supposing a contract had been let for forgings to Smith & Company on one order, and then a contract had been let to Smith & Company for forgings on another order, would they all go in on the one page or the one account?—A. My recollection is that each class of forging would be charged to the kind of ammunition.

Q. Irrespective of whether it was in one contract or another? Is that what you mean?—A. Well, I can hardly state without reference to the accounts themselves.

Sir WILLIAM MEREDITH: Hadn't you better look at the accounts?

Mr. HELLMUTH: Could you get the accounts? Can you get the book?—A. I suppose so, but the financial statement every month that was audited by the Auditor appointed by the Shell Committee gives a grouping of these accounts.

Sir WILLIAM MEREDITH: Do I understand that on one side of the account you would have all the 18 pounders, or whatever they were, ordered by the War Office—and what would you do with the component parts?—A. My recollection is that the component parts of this particular kind of ammunition would be all charged up under a subsidiary or supplementary heading under this particular kind of ammunition.

Mr. HELLMUTH: That is to say, as soon as you found that there was a particular class of ammunition required whether it came in one order or five orders, you put them all in that group?—A. That is my recollection of it, yes.

Hon. Mr. DUFF: An instance occurs to me that might perhaps test the point. Suppose for example that you had time fuses and percussion fuses for shrapnel, and time and percussion fuses required for high explosive 18-pounders, would the time and percussion fuses be allocated to the shrapnel on the one hand or the high explosive on the other?—A. That was the intention, but the payment for fuses had not come through at that time.



Sir WILLIAM MEREDITH: Have we got yet how the contracts for the component parts were allotted?

Mr. HELLMUTH: I don't think so.

Q. Do you know how the contracts for the component parts were allotted?—A. Given out?

Q. Yes, given out.—A. They were given out by order. There was an order book with consecutive numbers, and these orders were given out.

Sir WILLIAM MEREDITH: In consecutive order?—A. In consecutive order.

Q. So each man in his turn got the component parts?—A. The official order—

Mr. HELLMUTH: Do you know how these orders were allotted? I do not mean in the way that you are speaking of, but do you know how individuals or firms came to get these orders?—A. Oh, I do not know about that.

Q. You do not know whether they came in order of number, whether they had the firms all numbered, or whether they came by selection.—A. That was not my department.

Q. You would get an order with a number on it, and that would be entered in the book to the firm that had the order?—A. Yes.

Q. For the articles or supplies that were set out?—A. Yes.

Q. Were the contracts that were entered into between the four manufacturing members—as I call them—of the Committee and General Hughes, as the Representative of the Secretary of State for War entered separately in any books that you had? Did you see anything of that kind?

Sir WILLIAM MEREDITH: That is the orders from the War Office?

Mr. HELLMUTH: From the War Office?—A. I saw a list of the orders—

Q. Oh yes, I understand.—A. And I saw the contract after it was signed.

Q. Quite so, but did you keep a book showing them after the first two which you say were kept separately? Did you keep a book showing a contract?—A. All that was kept in the Statistical Department.

Q. Had you anything to do with that?—A. No.

Q. Who had charge of that?—A. Mr. Hirsch.

Q. Mr. Hirsch?—A. Yes.

Q. Did you prepare any statements for audit from time to time?—A. Well, the actual keeping of the accounts and cash book was in charge of Mr. F. C. Boyer, and these were duly audited monthly, statements prepared and sent to the Department of Militia.

Q. Did you supervise those? Go over them?—A. I knew what was going on and signed the cheques.

Sir WILLIAM MEREDITH: Would it be convenient to say at the outset what books were kept?

Mr. HELLMUTH: Yes, what books did you keep?

Sir WILLIAM MEREDITH: Books and accounts that you kept with regard to these transactions. Had you a ledger?—A. Oh absolutely, yes, sir.

Q. Did you open an account in that ledger with the War Office?—A. No. The cash that was received through the Militia Department was credited in this ledger.

Q. Then what was debited to that account?—A. Well, in my particular department all that went through our books were the invoices received for material completed.

Q. And shipped?—A. And passed out by cheque.

Q. Did you open in your ledger an account with each man who undertook to make forgings?—A. No, there was no separate account, what they call the "Voucher System" was in force, and the liabilities for the cost of materials was treated in one account as vouchers payable.

[Alexander Fowler Riddell.]

Mr. HELLMUTH: So you hadn't all the manufacturers with their separate heading?—A. That was all kept in the Invoice Department in charge of Mr. Woodhouse and Mr. Gillis. There was a most complete record kept of each account.

Q. I should rather dread bringing the whole of the gentlemen that you have named here to give evidence.

Mr. CARVELL: You might open a pretty wide door.

Mr. HELLMUTH: Not only open a wide door, but I do not know how I would shut it. But I do not really see that we are going to get very far with you.

Mr. CARVELL: I think you are treading on dangerous ground even now.

Mr. HELLMUTH: Perhaps so. I do not see it, because I do not know where we are getting to.

Q. Could you have picked out from your books, say this five million shells complete ammunition order? Could you pick out from the books, and say, those all appertain to it and nothing else, or is it mixed with others?—A. That information is all available.

Q. It could be got?—A. Certainly, and the material in the Statistical Department shows all that.

Q. But we would have to go to these various departments to get it?—A. Or rather, the Statistical Department would have to get them from the Cash side of the accounts, and also the invoice side of the accounts.

Q. Would John Smith for instance, who had taken an order we will say for the forgings of a portion of this five million order, and he had also taken an order for the forgings on some other shell order, would his account be separated so as to show which belonged to the five million order and which to the other?—A. Absolutely.

Mr. CARVELL: You are opening that door aren't you?

Mr. HELLMUTH: It wants to be done.

Q. It would be possible in that way to get them?—A. Without doubt.

Q. That is all.

THOMAS A. RUSSELL, sworn and examined.

*By Mr. Hellmuth:*

Q. You are the Mr. Russell of the Russell Motor Car Co., Toronto?—A. Yes, sir.

Q. And what was the first intimation or knowledge you had in regard to fuses, time or otherwise?—A. For the Shell Committee?

Q. Yes?—A. A telephone conversation that I had from New York to a party in Philadelphia on April 29, I think it was, of 1915.

Q. Somebody telephoned you from Philadelphia, is that right?—A. Yes.

Q. Refresh your memory from your notes.

Mr. JOHNSTON: Give it to us exact.

Mr. HELLMUTH: It is not a question of pinning him down to a day.

Q. You got a telephone call from Philadelphia?—A. Yes, sir.

Q. Did that advise you that there were fuses to be manufactured for the Shell Committee?—A. Yes, that they had heard of negotiations for fuses for the Shell Committee in Canada, and the party who telephoned me was interested in a fuse business, and his connection with us was that his business at other times was the manufacturing of automobile specialties, and we were a customer of his.

Q. Your business was the manufacture of autos?—A. Motor cars and bicycles and skates.

Q. And you had a considerable plant in Toronto?—A. For Canada, yes.

Q. About how many hands were you employing at that time?—A. We were only employing at that time about one third of our normal quantity; we have employed about 1,100 to 1,200; we were at that time employing about 350 to 400.

Q. Your normal number would be about 1,100 or 1,200?—A. That would be hardly right; that was our busiest time; about seven or eight hundred would be normal.

Q. And you were just at that period rather abnormally low in you employment?  
—A. Yes.

Q. Was anything told you at that time what kind of fuse it was, whether it was time fuse?—A. Yes, that was the only fuse discussed.

Q. Time fuse. Of course I need not ask you, you had never in your factory manufactured any fuses at that time?—A. No.

Q. It has been requested that I should ask you your experience as a mechanic?—A. I think it is pretty limited. I never had any mechanical education; such experience as a mechanic as I have is knowledge from having been identified as manager of a business engaged in mechanical lines, never as a mechanic myself.

Q. You do not profess to be an expert mechanic?—A. No, I profess not to be.

Q. But you have had a very considerable experience as a manager of a business?  
—A. I had been manager of the Canada Cycle Co. and its successor the Russell Motor Car Co., since 1902.

Q. And of course in that period you have acquired the necessary, if it was necessary that you should acquire it, business capacity to manage a mechanical business, or you think you have, would that be a fair way of putting it, without being too modest?  
—A. Sometimes I have and sometimes I have doubted it.

Q. Having had this advice, if I may call it, by telephone, from Philadelphia, what did you do to see whether you could get into the game, if I may put it?—A. These people were interested only in the loading end of the fuse, proposed to be, and they stated on the telephone that they would be willing to co-operate with a firm like ours if we could handle the mechanical work. I then telephoned to General Hughes, whom I knew to be in New York, and whom I had seen in the morning and asked him on the telephone if it was so that the Shell Committee were in need of fuses, and whether it might be possible for us probably to tender.

Q. What did he say to you over the telephone?—A. He stated to me very frankly, yes, that they were in need of large quantities, and if I was going to consider fuses I would have to get busy and I think the expression he used was "scratch gravel."

Q. So that the result at all events of that conversation with the General was that you understood you would have to move pretty rapidly if you wanted to do anything?—A. Yes.

Q. And that they did want fuses?—A. Yes.

Q. Following that up what did you do?—A. I left for Toronto that evening and had a conference with our factory men next day on the mechanical side, found that we could lay aside one building for the purpose, and that we could lay aside our tool room pretty largely for that purpose, and a little of our machinery, not very much and we came to the conclusion that we would like to try it. So I wrote a letter on the following day to General Bertram; I think General Hughes suggested I should do that, if I did not mention that before.

Q. That you should write General Bertram?—A. Yes; I think so, and said to General Bertram that I had made some progress on the matter and asked some questions about it. I think that letter is in.

Q. What is the date?— May 1st.

Q. Had you at that time any samples of the time fuse?—A. We had none, no; I had seen some fuses I think.

Q. Had you taken any samples with you before you saw your managers?—A. No, we had no samples at that time.

Q. I suppose it would be quite fair to say you were dealing with the matter rather as a general proposition than having got down to any detail?—A. Exactly.

Q. Having sent in that letter to General Bertram, which is Exhibit 63, page 72 of the evidence—in this letter you say that you have had the matter up with friends of yours in the United States, "And believe that I would be in a position to have

[Thomas A. Russell.]

plant laid down here to undertake this work in a very short time. I have made considerable progress on this, and would be glad if you would let me hear from you by return whether there is any possibility of securing business of good volume on fuses if we laid down a plant here" and so on. When you say you had made considerable progress you are speaking of course of the discussion you had had?—A. There was a little more than that to it: we had had some discussions of taking business for French or Russian shells, and the question of fuses had come up in connection with them, and Mr. Burt who was then and is now Assistant General Manager of the company, had been twice to Wilmington to this particular plant before that, but not in respect of these particular fuses.

Q. Is there any objection to your mentioning the plant?—A. No, it was the Artillery Fuse Co. of Wilmington.

Q. Delaware?—A. Yes.

Q. That is Fenn?—A. Yes. He was interested in it.

Q. Did you know that the Fenn people, the same people were trying to get an entire fuse contract at that time from the Shell Committee?—A. No.

Q. They did not tell you they were in bidding for it?—A. No, not at that time.

Q. They really suggested to you that you should co-operate with them and bid for the manufacture of the component parts, and they would do the loading?—A. Yes, or co-operate with us in some way.

Q. The people who telephoned you from Philadelphia are the Wilmington people?—A. The man who telephoned me was Mr. Steinmetz, who was a member of the firm of Janney-Steinmetz who make automobile tanks and other things like that, and who was as I recall it a shareholder in the Artillery Fuse Co.

Q. So that really the Wilmington Company were through some representative or somebody in the same interest the people who telephoned you?—A. Yes, exactly.

Q. Did you then see General Bertram after that?—A. Mr. Harris saw him on May 6th.

Q. You were not present on that occasion?—A. No.

Q. Then on May 10th (Exhibit 64), you got a letter from General Bertram which I think is the next letter, saying they would be pleased if you would send in your proposition with all particulars, when he would go further into the matter and enclosing blueprints and specifications—you remember getting that?—A. Yes, got it on the 11th.

Q. And up to that time you had not seen General Bertram?—A. I personally, no.

Q. And with the exception of the telephone conversation you had not seen General Hughes or any member of the Shell Committee?—A. No.

Q. What was the next thing after the receipt of that letter which you got on the 11th?—A. The letter was received at my office on the 11th; I had left for Wilmington the evening before and was in Wilmington on Tuesday the 11th and in New York on Wednesday, 12th, and in Montreal to meet, in response to some telegrams which passed between us, the Shell Committee on the 13th.

Mr. JOHNSTON: Have we those telegrams?—A. I think they are all in.

Mr. HELLMUTH: On the 13th did you meet anybody in Montreal?—A. Yes, Mr. Harris.

Q. You mean Mr. Harris and yourself?—A. Yes, we went together to the office of the Shell Committee and saw General Bertram, Col. Carnegie and Col. Lafferty.

Q. What occurred on that occasion?—A. They asked us what progress we had made and what we had to say on the fuse question.

Q. What did you say as near as you can recollect?—A. As nearly as I can recollect we said it was out of the question for us to consider an order of five million fuses, that we did believe we could get ourselves in shape to handle a quarter or one-third of that, and that if the matter was urgent, so far as we were concerned we suggested that they should go on and place three or four millions of it and hold one million or a million and a half over a little longer to give us a chance to put in a proposal.

Q. Have you given me practically the purport of that conversation?—A. That was the purport of it; I am pretty clear that it is a pretty accurate statement of it too.

Q. I am not questioning it at all. Did they say anything in regard to assenting to that view?—A. They did, yes.

Q. Who spoke?—A. General Bertram said that he thought they could arrange that, and before we left it was very definitely arranged that that would be done.

Q. That they would go on in the urgency?—A. Yes, that they might close up the other or they might not, but they would give us an opportunity to submit within a reasonable time, which was not mentioned the extent of it, a proposal on a million or two million fuses.

Q. The next thing is you wrote that letter to Col. Carnegie on the 13th, did you not?—A. Yes.

Q. You had seen him on the 13th?—A. Yes.

Q. And had you gone back to New York?—A. No, I had gone back to Toronto.

Q. Had Col. Carnegie gone with you to Toronto?—A. No.

Q. I see this letter which is Exhibit 65, commences, "I tried to get you on the telephone this morning but found you were out of the city and would not be back to-day"?—A. That was on long distance.

Q. You tried to get him in New York?—A. No, at Montreal.

Q. Then you say, "I wanted to ask you if you could give me any sort of introduction to the principal people in the Scovill Company, or if you felt that you could intimate to them that we were working in accord with the Shell Committee," and so on. "I have a plan in mind where we might co-operate with these people, and if so we would possibly be able to do even better than Mr. Lloyd Harris and I felt like undertaking when we discussed the subject so fully with you yesterday."

Q. The Scovill people were not the Wilmington people?—A. No.

Q. What had brought about your view that you might be able to do something with the Scovill people?—A. In the discussion on the 13th it was mentioned by Colonel Carnegie that very few people had made fuses, and I think the statement was that as far as he knew the Scovill people were the only people at that time commercially turning out fuses, and it occurred to Mr. Harris and me that if we could make some connection with them which would give access to their shops, or they might join in some way that would carry the judgment of the Shell Committee as to our ability and would help us—

Sir WILLIAM MEREDITH: What would become of the other?

Mr. HELLMUTH: What about the Wilmington people then?—A. If we had gone ahead with the Scovill people we would not have gone ahead with the Wilmington; we had made no arrangement which bound the Wilmington people to us, or us to the Wilmington; they had merely expressed a willingness to co-operate.

Q. You were perfectly free at that time to make any connections you chose?—A. Yes.

Q. Although Wilmington had approached you you had not bound yourself?—A. And we had not even definitely decided at that time that we could submit our proposal ourselves for fuses.

Q. Had you at that time ascertained that Wilmington were not at that time turning out time fuses?—A. No. Well, I knew on May 11 exactly how far Wilmington had progressed.

Q. Did you know then they had not turned out—?—A. That they had not turned out loaded fuses.

Q. And you knew that Scovill had?—A. And I knew on the 13th that Scovill had.

Sir WILLIAM MEREDITH: Had the Wilmington people a loading plant in operation?—A. When I was there on the 11th they had one loading press in, they had a number of their drawings made and some of their tools made; they told me, I believe, they had

[Thomas A. Russell.]

loaded some powder rings, parts of the fuses, but they did not load any while I was there; they were just getting started, if they were that far.

Mr. HELLMUTH: And did you appreciate that it would be some time before Wilmington could turn out the article in any quantity?—A. O yes, quite, but I thought they would likely do it as quickly as we could turn out the parts.

Q. But you were not looking for a supply within thirty days?—A. Oh no.

Q. Did anything come of that in regard to the Scovill—oh yes, I think there was an answer to that?—A. Yes; Colonel Carnegie answered it later on the 21st.

Mr. NESSBITT: Page 79.

Mr. HELLMUTH: Did anything take place at all between you and the Shell Committee between the 14th and the 21st?—A. Yes, there were a couple of telegrams exchanged and I had a personal interview with Colonel Carnegie in Ottawa on the 20th.

Q. I think the telegrams are in?—A. Yes.

Q. What about the personal interview with Colonel Carnegie on the 20th; tell me what that was?—A. Yes, it happened in the Stevens Building in the new offices into which they were just moving, and I saw Colonel Carnegie in the afternoon in response to an appointment made by telegraph. I came to tell him, as nearly as I can recall it, that he would hear definitely from us inside of a week, and I believe we would submit a proposal to make a million or a million and a half fuses; and Colonel Carnegie said "You understand we cannot hold this open indefinitely"; and I said, "I understand that; you will hear from us in less than a week or inside of a week", some words to that effect.

Q. Was there any promise at that time by Col. Carnegie that he would wait for a week, or was it left in the way you have mentioned?—A. It was left in that way, that I felt anxious about it; when we left on the 13th Mr. Harris and I, we left feeling we had an opportunity to submit a proposal on a good basis; I left with a feeling of great anxiety that the thing might be closed before I could get the approval of my Board and support of our bankers, because Col. Carnegie urged that he was not going to wait indefinitely.

Q. That is on the 20th May?—A. Yes.

Q. You did not leave with the same confidence that you had before?—A. No, not with the same confidence I had before.

Q. You did get the letter on the 21st, you would get it on the 22nd I suppose?—A. It appears to be marked as received on the 25th.

Q. I mean the one about Scovill?—A. Whatever the reason is it is stamped as being received on the 25th at our place; it is dated the 21st.

Q. That is the letter that says "Your letter of the 14th reached me on my return from New York. I do not think the Scovill Company will enter into negotiations with you to manufacture fuses. We have been trying to get them to assist us in this matter and they persistently refused." Had you at that time got your proposal drawn when you received that letter?—A. No.

Q. Did you understand or had you any intimation that the Scovill people were tied up to the Bethlehem Steel people?—A. Yes, they intimated that to me. I met them I may say—

Q. Met whom?—A. At least three or four of the Scovill people, spent the whole of the evening of Monday the 17th May with me in Waterbury.

Q. I did not know that, did they intimate to you then that they were likely to be tied up, that they were unlikely to be able to take up any contracts?—A. Yes; they gave me quite a friendly discourse on the question, but they said it was not commercially practicable either for them to consider any other connection, or connection with ourselves.

Q. What date was that?—A. 17th May.

Q. So that you were not at all surprised then by the letter you got from Col. Carnegie?—A. No, they told me that Col. Carnegie had seen them and made some similar requests himself, I think.

Sir WILLIAM MEREDITH: They told you about Carnegie you say; was it in connection with you?—A. No, Col. Carnegie I had learned, and it was very evident, had confidence that the Scovill people were good fuse makers, he had wanted them to make fuses for the Shell Committee, but they would not; he had I think asked them whether the Shell Committee could make some sort of an arrangement with them to get the help of the Scovill people in some way; so that my request turned out to be very much like the one already preferred by Col. Carnegie.

Mr. HELLMUTH: When you found that out on the 17th did you start making arrangements with the Wilmington crowd?—A. No.

Q. Might I suggest to you that you were rather high and dry on the loading question, if you had the Scovill people out and you had made no arrangement with the—?—A. I did not submit any proposal until I was over being high and dry; I did not submit a proposal on the 21st or 20th.

Q. You recognized you would have to get something in regard to the loading end didn't you?—A. Exactly.

Sir WILLIAM MEREDITH: What does that mean, had to get something?

Mr. HELLMUTH: You did not expect to do the loading?—A. Yes.

Q. In Toronto?—A. Yes.

Q. I thought you said you were going to do the loading with the Wilmington people or the Scovill people?—A. In our discussions it always turned on doing it in Canada; they were going to come over; just discussed on the telephone, and then when I went to Wilmington that we would each put capital into a concern in Toronto to do it.

Sir WILLIAM MEREDITH: I had understood it was this plant you saw in process of operation.

Mr. HELLMUTH: This plant you saw in Wilmington in itself would have been no use for the purpose of loading in Toronto?—A. No. We did discuss at our start we would probably load some of them in the United States, but to place a unit in Canada duplicating that to do the loading in Canada.

Q. After you got this letter, and perhaps during the time before it came, what had you been doing to prepare yourself for a proposal?—A. Mr. Harris had gone to Chicago getting some information on mechanical lines, and I had left Toronto on Sunday the 16th May, and went to Waterbury, Bridgeport and New Britain, with regard to machinery, and to see the Scovill people, and to see at Bridgeport for a supply of brass forgings. I had some discussion in New York with some people who thought they knew a little about fuses; and that was as far as I had got on the 20th except to make arrangements to meet in Toronto a gentleman who had had loading experience on the British fuse.

Q. You say Bridgeport?—A. Yes, Connecticut.

Q. Did you ever meet a Mr. Bassick there?—A. No.

Q. You don't know his factory there?—A. No.

Q. You had done this, you say, up to that time?—A. Yes.

Q. What did you do next?—A. I returned to Toronto, arriving there Friday 21st May, met Mr. Harris, who arrived the same morning from Chicago with the mechanical superintendent of the Elgin Watch Company, who looked over the small parts of the fuse to see whether they could make some for us.

Q. Where were they going to make them?—A. In Elgin, Illinois.

Q. At that time the idea was that some of the small parts should be made by this firm in Illinois?—A. Exactly.

Q. You were not going to make the whole of them?—A. Not at the outset.

Q. In your factory?—A. No. The same day I had conferences with this gentleman who had had the experience in the loading of the British time fuse.

[Thomas A. Russell.]

Q. That is Mr. Kirby, is it not?—A. Yes.

Mr. EWART: That is on the 21st?—A. Yes.

Mr. HELLMUTH: Had you known Mr. Kirby before?—A. Only by reputation from Col. Watts of the Canada Foundry Co.

Q. And I understand you had not at that time made any arrangements to have Mr. Kirby released at that stage, had you?—A. Yes, I think so. I think Col. Watts told Mr. Harris that they would release him if he was going to go on something like fuse work, but he did not want us to take him for any other work.

Q. Did you see Mr. Kirby that day?—A. Yes; I arranged with Kirby that day—no, I arranged with him on the 21st substantially that he would come; it was definitely closed the following day.

Q. Of course you learned from Mr. Kirby what his experience had been?—A. Yes.

Q. What experience did Mr. Kirby tell you he had had in fuses?—A. He said he originally worked with the Kynochs people who I believe make explosives in Birmingham, that he had been engaged by, I do not remember the company, but it is an offshoot of Vickers Sons and Maxim, to go into the fuse matter for them when they commenced the manufacture of the No. 80 fuse.

Q. Had he done any work before that in the fuse?—A. Not before Vickers, no; I understand not. In connection with that I understand he went to Essen, Germany, to get particulars for Vickers on this, and to Woolwich, and worked four years for Vickers Sons and Maxim on the fuse work and had been in charge of some of the mechanical work and of the loading work; he had worked on all branches of it.

Q. How long do you say he had been working on it?—A. Four years.

Sir WILLIAM MEREDITH: In what capacity?—A. As a foreman.

Mr. HELLMUTH: Was he a civil engineer or anything like that?—A. No, I think he is just a practical workman; he is a mechanic.

Q. A mechanic and a foreman in that work?—A. Yes.

Q. Did he give you any reason why he had left work of that kind?—A. I think he did; I think I gathered—I may not—I had such a good recommendation from Col. Watts that I may have accepted that without question.

Sir WILLIAM MEREDITH: What did Col. Watts know about his ability in connection with fuses?—A. Nothing except what he told him.

Mr. HELLMUTH: What was his position, did you understand, was he a foreman?—A. At the Canada Foundry?

Q. Yes?—A. He was foreman of the toolroom.

Q. His position was that of foreman workman?—A. Of a foreman; he would not be a workman at the Canada Foundry if he occupied the position of foreman; he would have enough men that he would have purely oversight work, superintending work.

Q. How long had Mr. Kirby been away from fuse making?—A. My impression is a couple of years, but that might be quite inaccurate.

Q. Had he loaded the 80 time fuse?—A. Yes.

Q. Did he tell you to what extent or what quantity?—A. Yes, he claimed to me to know all about and to have practical experience. Of course I knew not much to check him on, but his discussions as to blending of the powders and the maintaining of a constant pressure in loading of the rings, and maintaining a uniform temperature and uniform humidity in the room in loading sounded to me that he knew pretty well what he was talking about.

Q. Did he tell you he had had a conversation with Col. Carnegie?—A. Yes.

Q. How long previous?—A. Some months I would judge.

Q. Did he tell you that Col. Nicholls had been requested to start fuses?—A. Yes.

Q. Did he tell you that he had been put forward, or he had been suggested as one that might?—A. Yes.



Q. Did he give any reason why that had not been gone on with?—A. He said Col. Carnegie frightened Col. Nicholls out of the fuse business as being too difficult.

Q. Having got that what did you do, did you go on and make the proposal then?—A. That day. I had arranged with the Elgin Watch Co. and arranged with Kirby tentatively, and that evening I sent a night letter to Ottawa, on the evening of May 21st.

Q. May 25th?—A. 21st.

Q. You sent that, but you had not at that time drawn your proposal?—A. No, I had to meet our Board.

Q. You met your Board I suppose very shortly afterwards?—A. Yes, I met our Board on Tuesday; the following day was Saturday the 22nd, and then Sunday, and May 24th was a holiday, I spent that at the works with our mechanics working on the fuse proposal, and on the 25th I submitted it to our Board.

Q. Did you know any of the Wilmington or Scovill experts?—A. I did not know any of the Scovill, and I did not know in the sense of having knowledge apart from what they told me anything about the Wilmington.

Q. You had not discussed the question of either the manufacture or the loading of the time fuses with any one in the same way as you discussed it with Mr. Kirby?—A. We had concluded pretty well—of course we had not thrown over our string on Wilmington, but we had concluded pretty well that if Kirby had had experience in loading the British fuse, which was the one we were going to be making, we would probably be better able to work with him alone than we would to take people in the United States with experience only of the American fuse; and when we submitted our proposal it was with a view of doing it ourselves, using Kirby as our loading expert.

Sir WILLIAM MEREDITH: Do you mean to say, Mr. Russell, without any further information than what Mr. Kirby himself gave, you were willing to take the risk of a contract of this kind and his ability to perform the work?—A. I was satisfied to do so, sir; yes, sir, quite.

Mr. HELLMUTH: On the 25th you submitted this proposal to your Board of Directors?—A. Yes.

Q. That is the proposal that has gone in?—A. Yes.

Q. And on that day I think it was in the afternoon of that day you sent a telegram?—A. I did not send a telegram until after our Board meeting, so that I would know the Board upheld Mr. Harris's view and mine.

Q. Do you remember at all what time that would be in the day that you sent the telegram—the telegram I may tell you is marked as received here at 3.40 or 3.30?—A. I think that is pretty close to the time it was sent.

Q. You do not complain much of the telegraph delivery?—A. No.

Q. Then you got an answer to that which I need not go over, telling you not to come?—A. Yes.

Q. To such you paid no attention, you came down?—A. Yes.

Q. You came down with a proposal?—A. Yes.

Q. Brought the proposal down with you?—A. Yes.

Sir WILLIAM MEREDITH: Will you ask him why he did that?

Mr. HELLMUTH: Did you not take that telegram as conclusive, or did you think there was a chance of opening the matter?—A. We had gone into the thing so thoroughly that as a matter of business I would never take a refusal like that as closing out a transaction without endeavouring to have a personal interview and know more about it.

Q. Not unnatural you would come down to see what had happened; because, while you had left in a state of, I won't say trepidation or uncertainty, you still hoped to be able to secure an order of some kind. I think I must just for a moment or two take you over some part of this proposal. I see the proposal No. 1—I am

[Thomas A. Russell.]

not going through it all—is, that you will undertake to supply one-quarter of the total number required, namely, 1,250,000 before March 31st next. You told me that when you left you had expected an order of from one million to a million and a half; was it just a matter of conclusion that you thought one million two hundred and fifty thousand would suit you best? Why didn't you make it either a million or a million and a half; was there any reason?—A. The determination had a good deal to do with the amount of plant we had available; we had as our mark at that time 5,000 a day, and as I recall it all tenders to receive consideration had to provide for deliveries by March 31st, so that put the limitation on what we could do by that time.

Q. What you had capacity to do?—A. What we thought we had capacity to do.

Q. You say you will undertake before March 31st. Then you say "That we will undertake to do all the loading and assembling of this number of fuses in Canada." At that time, without going over it again, the loading, you were relying entirely on Mr. Kirby for that?—A. Yes.

Q. You had no other experts?—A. Not unless we went back to the United States, we had none arranged.

Q. You had not considered that?—A. No.

Q. And this was based on Mr. Kirby being successful in accomplishing the loading?—A. Yes.

Q. Then you say, "We can arrange to do substantially one-third of the work on the parts entering into the fuses in Canada." Were you proposing at that time that two-thirds of the work should be done outside of Canada?—A. Yes, two-thirds of the component parts at that time.

Q. Were to be done outside of Canada?—A. Yes.

Q. So that really what your proposal was, if I may paraphrase it, loading and assembling in Canada, one-third of the work on component parts to be done in Canada, two-thirds in the United States?—A. Two-thirds of the component parts.

Q. Then you go on and say about your building. Then you say "The Keystone Watch Case Company of Philadelphia will supply the fuse parts necessary for one-half of the production?"—A. Yes.

Q. And then, "The other half of the production will be got by the Russell Company making the large parts, and securing the small parts from the Elgin Watch Co. of Elgin, Illinois"—is that right?—A. Yes.

Q. So that you were not, so far as the Russell Motor Car Company is concerned, intending to go into the manufacture of the smaller parts at that time?—A. Not at that time.

Q. Not on that order?—A. Not on that order.

Q. Let me go back for a minute to (5): "We will undertake to make deliveries as follows: September 50,000; October and so on." You recognize apparently, if I may put it this way, that if you got that order in May, the end of May, it would take you June, July, August and practically September before you would be able to make any deliveries?—A. Exactly.

Q. You think with the knowledge you have now that those four months was enough, if you had not any loading plant or any machinery of the character required, even assuming you were getting two-thirds of the parts from the States?—A. Well, of course that would all turn on the ability to get the loading plant, because the Keystone people were responsible for the first half of the parts.

Q. You had to make the other half?—A. They would be the last half.

Q. They were going to make the whole?—A. Of the first half of the parts.

Q. I misunderstood you altogether; so that really of the 1,250,000, six hundred odd thousand, of the component parts of six hundred odd thousand would be made in the United States?—A. 625,000.

Q. Of the first 625,000 the whole of the component parts would be made in the United States?—A. Yes.

Q. So that really as to that lot the only thing done in Canada would have been the loading and assembling?—A. Yes.

Q. So that you were not relying then upon being able in the first few months to have any made in Canada?—A. No, I knew it would take me longer than that to build machinery.

Q. It would take you longer than that to get a plant to make those component parts?—A. Yes.

Q. Did you know at that time where you could get machinery for the loading, where it could be procured?—A. I knew where the presses could be procured, yes.

Q. Had you made any inquiries then as to the time for getting these?—A. Yes, we believed we could do this.

Q. You believe you could get the presses installed, and the humidity plant, you believed you could have got that installed and in working order so as to be able to put out a few in four months.

Sir WILLIAM MEREDITH: Had you any options?—A. No.

Mr. HELLMUTH: At that time?—A. No.

Q. I do not know if I need read over the rest of this to you. It is only fair to say that you mentioned that you had arranged in a consulting capacity for the services of Professor J. W. Bain, of the Department of Chemistry, University of Toronto. But of course nobody assumes that he was a fuse expert?—A. Not a fuse expert. He knew a great deal about chemicals, chlorate of potash and so on used in the manufacture.

Q. Yes. But you did understand this, I apprehend, Mr. Russell, that it was a somewhat delicate operation, the loading of fuses?—A. Yes.

Q. The loading of the time rings?—A. Yes.

Q. That it would have to be done by somebody thoroughly skilled and competent?—A. Yes.

Q. Did you know anything about the gauges that would be required?—A. I knew something about the number. I do not think we had blue-prints of the gauges at that time.

Q. You have since, of course?—A. Oh, yes, we have made them since.

Q. Have you made all the gauges?—A. No, we have made the thread gauges, which I think are the most difficult. We had to get a good many of the other gauges made outside.

Q. Why?—A. We hadn't capacity in our own shop to make them all at that time. There are I think about 250 gauges for the fuse, and our first order was for six sets, so as to have them both for inspection and checking, amounting to 1,500 gauges, which is a great deal of toolwork. The Keystone Watch Company would have had to supply their gauges on the first half.

Q. How many did you make out of that 1,500 in your own place?—A. Oh, I don't know.

Q. A couple of hundred?—A. More than that, I think—oh, yes, considerably more than that.

Q. Would you make any estimate at all?—A. I could not. That would be Mr. Burt, who is the practical man handling the placing of that.

Q. I do not want a mere guess. Of course, if you could get near to it, it would be all right?—A. Yes.

Q. When you arrived here in Ottawa on the 26th you went to see General Bertram and Colonel Carnegie?—A. Yes.

Q. You and Mr. Harris?—A. Yes.

Q. What took place as nearly as you can recollect at that interview?—A. When we called at the office General Bertram was not in, and we just sent in our names.

[Thomas A. Russell.]

Colonel Carnegie sent out word that he was too busy to see us, something to that effect, and to see General Bertram.

Q. Yes?—A. I think we had it there in an envelope and we then asked that our proposal be taken in. Within a few minutes after it went in Colonel Carnegie himself came to the door and beckoned us in.

Q. That is, beckoned you and Mr. Harris?—A. Yes.

Q. There were then present the four of you?—A. Just the three of us at that time; General Bertram came in later.

Q. Will you tell me what took place before General Bertram came in?—A. Colonel Carnegie communicated to us that they had let all the fuses.

Q. Yes?—A. Of course, that was a disappointment. We pressed to know why the understanding of the 13th of May had not been observed. I do not like to try to recite the exact conversation, but he discussed his reasons for that, and we discussed them with him too.

Q. Could you give me any idea of what those reasons were as far as they remain in your mind?—A. Yes. The interview lasted until General Bertram came in, and he was present at the latter part of it. One of the things was that Colonel Carnegie said he did not believe we could submit a proposal as well worked out as this one. The other point which indicated to me—I don't think either of them was taking it very seriously until that proposal was before him—the other point was that he was pressed by these other people to close up because they had certain options on different things which they had to protect, and finally he said that perhaps it was not too much to say to us that there had been pressure brought to bear—I am pretty sure the words were used—from higher up to get the thing closed up without delay.

Q. Closed up without delay?—A. Yes. I understood from that that either meant the Minister of Militia or the War Office. That is what it conveyed to me.

Q. But to get it closed up without delay. Is that it?—A. I am not repeating the words, I am repeating the sense that he conveyed to me.

Q. That is the effect that it conveyed to you?—A. That is the effect that it conveyed to me.

Q. There were two matters, first of all he practically gave you the impression that he had not considered you very seriously until he saw this proposal?—A. Until he saw this proposal worked out, that he had never been to our plant.

Q. And that the other parties that he closed with had options and had pressed him, and pressure had been brought to bear higher up, which you thought might mean the Minister of Militia, although he did not say so, or the War Office, although he did not say so, to close?—A. Yes.

Q. Then was there anything else?—A. Yes. General Bertram was very strong in stating that this was very likely only a beginning, and he was sure they would be able to get us further orders, and we left with the idea that they would cable the War Office to see if there were not further orders so we could get a plant started in Canada.

Q. Was anything said that a good deal of the first 625,000 of yours would come from the States?—A. No, there was no discussion of that at that time that I remember.

Q. Then did Colonel Carnegie or General Bertram say they were sorry that they had not been able, as you say, to keep the matter open according to your own understanding?—A. Oh, yes, they did, they expressed regret quite frankly.

Q. That is what Colonel Carnegie says he did.—A. Yes.

Q. He says he told you he was very sorry, I think he put it, that he had not been able to keep his word, or something like that.—A. I believe he did.

Q. That he did say that?—A. Something like that.

Q. Then did he tell you to whom the contracts had been let?—A. No.

Q. Had you any idea?—A. To whom they had been let? No. All that I knew was that a group of men were working on it in New York, and that the Keystone Watch Company, who had undertaken to supply some parts for us, were negotiating

with these parties, whoever they were, to supply them with parts. I didn't know who they were.

Q. So the Keystone Watch Company were in the field to supply whoever might get the order?—A. Exactly. They would sell component parts to any one who would undertake to take them and load. They would not load.

Q. Well, is there anything more in the negotiations that occurred in regard to the proposal which you put in, and which was not accepted, that you think you could give to me, Mr. Russell, before we go on to another matter? I mean if there is anything at all that I have omitted perhaps to ask a question upon which would have drawn forth the subject matter?—A. I don't think of anything at the moment, sir.

Q. You think you have told me fairly well from your recollection, because I want to get everything that I can, anything material that occurred from the time you first heard of it until practically that interview on the 26th of May, when they explained to you that they had let the contract elsewhere.—A. I could follow a lot of the details what we had done about materials and so on, but I do not think they are relevant.

Q. No doubt you had prepared yourself in some way for it?—A. Yes, we had taken options on some copper, aluminium and spelter in small quantities.

Q. In small quantities?—A. Yes; fifty tons of copper, ten tons of spelter and twenty-five tons of aluminium, which we actually took up and bought.

Q. You say you had not got any options on machinery?—A. The machinery matter was handled by Mr. Adams, our Superintendent. He is in England at the present time and I am not able to get any details on it I am sorry to say. He had quotations and so on.

Q. I am afraid then I may have misunderstood you. I thought you said that you had not at the time you put in the proposal any options.—A. Any options on loading presses.

Q. That is what I mean. You had not any options on loading presses?—A. We had delivery dates, but no options.

Hon. Mr. DUFF: You had what?—A. Promised deliveries, but no options.

Mr. HELLMUTH: Were you present at any interview when Colonel Allison was present?—A. No.

Q. Were you present at any interview with any members of the Shell Committee when Allison's name was mentioned?—A. Well, I only recall it being mentioned rather casually at the meeting on the 13th of May.

Q. How was it mentioned then?—A. My recollection is that General Bertram asked Mr. Harris if we had seen Colonel Allison at all in the matter.

Q. Yes.—A. And he said that we had not gone to see him, but he had been speaking to him on another matter on the telephone and the fuse question had been mentioned.

Q. Mr. Harris said this?—A. Yes.

Q. In a casual way?—A. Yes.

Q. But you yourself dealt directly with the Shell Committee?—A. Absolutely.

Q. You had no dealings with Mr. Allison in the matter?—A. No. I saw him, but not with regard to fuses, on the 30th of April.

Q. Just let me ask you this. Did you know Colonel Allison?—A. I had met him before, I knew him fairly well to meet, but I hadn't a long acquaintance.

Q. Had you any business dealings with him?—A. No, we never had any business dealings together.

Q. At any time?—A. At any time.

Sir WILLIAM MEREDITH: He said he saw him.

Mr. HELLMUTH: What did you see him about?—A. It was in connection with machine guns for the armoured motor trucks. I had gone to see him in regard to getting some, because I had the impression that he controlled or represented the Colt output. I had gone to see him about that.

[Thomas A. Russell.]

Q. Then you had gone to see him about some business matters?—A. I had discussed business matters with him once or twice, but we never did business together.

Q. I see. But you had discussed business matters?—A. Yes, two or three times.

Q. You thought he represented the Colt people?—A. He was rumoured to have control of output of the Colt people for what it was worth.

Q. Then if you have told me all that took place up to the time that I have mentioned, the 26th of May, we will go on from then, because at a subsequent date you did put in another offer, did you not?—A. On time fuses?

Q. No, I will come to that very much later. But when did you first hear of the graze fuse?—A. I cannot locate that accurately. I am inclined to think it was on the 26th of May, but I am not accurate as to that.

Q. Well, at all events your proposal of course is simply for time fuses?—A. Entirely.

Q. And that would be the only matter that you discussed in those previous interviews with Colonel Carnegie and General Bertram?—A. The only thing that had been seriously discussed. What I mean is, I have some recollection of meeting Colonel Carnegie and his saying, "We have got some inquiries about a new fuse, a graze fuse." But that is all until later.

Q. Then what is the next thing that you did in connection with fuses, Mr. Russell and the Shell Committee?—A. We went on endeavouring to get more information about fuses and to put ourselves in better shape in case the order which was going to be cabled about materialized.

Q. What was the first communication, either verbal or written, that passed between you and the Shell Committee?—A. It must be the letter of the 1st of June, which is marked as having been received at our office on the 5th of June, in which they say: They now have definite information from the War Office that they do not require any more time fuses, but are prepared to consider the number 100 fuse.

Q. Did you know anything about the number 100 fuse at that time?—A. No, I don't think at that time. I see there is a letter, although it was written on the 2nd of June it was received by us on the 3rd, earlier than the other one, just a short letter, telling us that the War Office did not require any more time fuses.

Q. The correspondence shows, and I am not going all through it again, that you made inquiries in regard to this 100 fuse, then the graze fuse, from General Bertram and the Shell Committee, and you got answers telling you about it.—A. Yes.

Q. I mean all that correspondence, Mr. Russell, you know, has gone in, and there is no use taking up time going over it again?—A. Yes.

Q. Then you put in a proposal, did you not, for graze fuses?—A. No, we never put in a proposal for graze fuses.

Q. You did not?—A. No, not in the sense of a worked out proposal.

Q. What is the minute? No doubt you are quite correct and I was misled by my recollection of the Shell Committee minute book. This is what I find in the minute of July 17th. You can tell me whether this was a verbal offer.

Sir WILLIAM MEREDITH: Did he meet the Shell Committee on that day?

Mr. HELLMUTH: Were you down at the meeting of the Shell Committee on the 17th?—A. No. In the interval though General Bertram and Colonel Carnegie had come to our factory, and Mr. Kiteley and General Pease had been to our factory and we had discussions, and we also had a letter of June 9th from the Shell Committee, stating that the Minister of Militia was willing that an order for 200,000 time fuses should be placed in Canada, and offering us that.

Q. You did not want it?—A. We did not want it unless the order could be increased.

Q. Quite so.—A. I think all that happened, we tried to show them that we had the organization and so on to make the graze fuse if it was required.

Q. I find this in the minute book, and I will read it to you, because I daresay you have not heard this yet. In the minute book of the Shell Committee of the 17th of July, 1915, there is this:—

“The proposal of Messrs. Harris and Russell for the manufacture of 500,000 number 100 fuses filled without gain at \$4 each was considered, and it was suggested that arrangements be made for 250,000 at \$4 each and 250,000 at \$3 each. This decision was arrived at after full discussion as to prices being paid in the United States, but the importance of starting manufacture of fuses in Canada was considered to justify the foregoing prices.

Now, did you ever hear of that?—A. My recollection of that is, and I think it is accurate, that I had prepared a memorandum of what we could do and of our organization to handle graze fuses. I had it on my desk when Colonel Carnegie came to our office. He took it in his hand, made a number of memoranda of his own on it, and carried it away. It was not a signed proposal from us, and I do not think one ever went in, and I have no record of one other than that.

Q. Were you averse to having Colonel Carnegie treat that as a proposal to manufacture fuses at \$4 each?—A. No.

Q. Was that the price that you talked?—A. Yes, we had suggested taking them at the same price as the United States firms.

Sir WILLIAM MEREDITH: How many?

Mr. HELLMUTH: 500,000.

WITNESS: I am sure that proposal was for a million.

Mr. HELLMUTH: A million at \$4?—A. Yes.

Q. That would be the price of the American Ammunition Company.—A. Of course, our letter, Mr. Hellmuth, of June 21st does not state any prices, but it expresses our willingness to take an order for them.

Q. But when you speak about a million, I do not say about the price, but you have evidently overlooked a letter which you wrote, which is in here as exhibit 132, of the 17th of July, the same date on which no doubt you were there, in which you say:—“Dear Colonel Carnegie: I dropped a line to General Bertram asking him to let me know if it was settled to place the order for the 500,000 fuses as discussed in Ottawa on Wednesday last. It is possible he may be out of town on Monday, so I am taking the liberty of mentioning the matter to you as we are anxious to learn about it at the earliest possible moment.” You must have been down here making a suggestion that you should get an order for 500,000. Is that not right, Mr. Russell?—A. Yes, it is. We had discussed one million. I think it came down on the part of Colonel Carnegie to discussing whether he might get us half a million.

Q. And is there any question about it that you had suggested that the price you wanted was what the American Ammunition Company was getting?—A. No, that is not correct.

Q. I mean, while it may not have been a firm proposal by way of being signed, it was a proposal; you are not quarrelling with that way of putting it?—A. No.

Q. How did you know what was the price that was being paid to the American Ammunition Company?—A. My impression was that General Bertram told us.

Q. That he was paying them \$4?—A. Yes.

Sir WILLIAM MEREDITH: That would be at the interview on the 26th?—A. No, I don't think so at that time, because I don't remember graze fuses being discussed. I think it was when they were at our factory later.

Mr. HELLMUTH: I might just ask you, Mr. Russell, at this stage, had you been making inquiries to find out what graze fuses were being made for at that time?—A. I do not think so, I do not think that we got trace of any orders for graze fuses, apart from the Shell Committee's order, until considerably after that time. I know that.

[Thomas A. Russell.]

Q. So you were not at all events wise as to what the prices might be?—A. No, except our own estimates of costs.

Q. You understood the graze fuse had to be a loaded fuse?—A. Yes.

Q. Had you made estimates as to the cost?—A. Yes, we had estimates as to the cost.

Q. Including the cost of loading?—A. Yes.

Q. Had you fixed in your own mind any price that the loading would amount to?—A. I think we had fixed that in our minds, yes.

Q. Can you give me what that was?—A. At 25 to 30 cents.

Q. At 25 to 30 cents?—A. Yes.

Q. Had you considered the question of the gun proof test?—A. Yes. The cost is less than that, but when you supply them unloaded you have to supply one or two per cent for test, and then we allowed a certain percentage in addition to that that would probably fail, and used that in deciding what we thought it was worth for loading.

Hon. Mr. DUFF: And what was the result?—A. Somewhere between 25 and 30 cents.

Q. That is allowing for all those elements?—A. Yes. Actually the loading is not a very big job on a graze fuse,

Mr. HELLMUTH: Had you done that after consultation with any of these American makers?—A. No, I don't think we had any consultation with any American graze fuse makers, not until August.

Sir WILLIAM MEREDITH: Would it be convenient at this stage to find out what happened after the 26th of May with regard to their original idea of going on with the time fuse?

Mr. HELLMUTH: Yes.

Q. What did you decide to do in reference to the time fuse proportion after you had learned that the whole of that order had gone?—A. Well, General Bertram was always so optimistic that there would be more orders.

Q. For time fuses?—A. For time fuses, that we shared in it a little, and we kept interested in it. I don't know that we did much more work, except that I took up the option of the aluminum, because I was afraid aluminum would get scarce. I kept my arrangement with Mr. Kirby on until July that he should come with us, and then I released him until I took him.

Sir WILLIAM MEREDITH: The aluminum was not one of the unprofitable enterprises that you had?—A. No, it was not.

Hon. Mr. DUFF: It was safe either way?—A. Yes, or brass or spelter.

Mr. HELLMUTH: You foresaw naturally that with the enormous demand for these munitions of war there would be a general rise?—A. And I protected with a few tons of each.

Q. At all events, you did not go on with any factory buildings for that purpose?—A. No.

Q. That would not have been good business, because you had not anything in sight?—A. No.

Q. You told me you calculated the cost of loading at 25 to 30 cents. Had you calculated at that time what the cost of manufacture of the graze fuse would be?—A. Yes.

Q. What did you put that at?—A. We figured that on the complete price there was going to be a profit of 85 cents a fuse.

Q. \$4.00?—A. At \$3.50, which was really our price.

Sir WILLIAM MEREDITH: Including amortization of the plant?—A. Amortization of the plant.

Mr. HELLMUTH: Including amortization of the plant; is that right?—A. Yes.



Q. That was your—A. Estimate.

Q. Of course, you were not at all averse to \$4.00 if you could get it?—A. I think perhaps all of us who approached the graze fuse were all more or less frightened by the name of the fuse. It was a fuse, and probably that helped to make us feel that there might be some very close limits or difficulties in manufacture that we did not know.

Q. In that price you are including the cost of the machinery that would be required?—A. Not including any building, but including the cost of the machinery.

Q. Not including any building?—A. No.

Q. But the rent of the buildings?—A. Yes, just the ordinary rent would go into the cost.

Sir WILLIAM MEREDITH: On what quantity?—A. On 500,000, our order.

Mr. HELLMUTH: That was your estimate at all events?—A. Yes.

Q. Then you accepted that order for 500,000 at \$3.50?

Hon. Mr. DUFF: Mr. Hellmuth, perhaps Mr. Russell would say whether an increase in quantity would have affected the cost of the fuse.

Mr. HELLMUTH: Would an increase in quantity have affected the cost of the fuse?—A. Yes, an increase in quantity would make a difference, not a great difference to the material cost. I don't think it makes any difference to the amortization cost on the plant.

Q. Because the plant is destroyed itself, is it not?—A. Yes, against a certain number; but it would make some difference to what we call overhead—my salary and the other superintendents' salaries and so on.

Sir WILLIAM MEREDITH: Do you mean to say that the manufacture of 500,000 would destroy the plant and that it would have to be replaced?—A. No, I mean it was charged off against it in the cost, and the same amount would be charged up in either case.

Hon. Mr. DUFF: That is to say, there would have to be more machinery.—A. Yes, you would have to double the machinery for the million. It might be that in the plating plant you would not have to double it, but generally speaking you would have to double it.

Mr. HELLMUTH: That is, if you had to make deliveries in rapid time you have to have increased plant?—A. Yes, that is on the basis of increasing the quantity of fuses in the same time. Of course, if it was a longer time.

Q. If they go on spreading it over a year or two you can deliver them?—A. Yes.

Q. But you are speaking of delivery in the same proportion for the larger number?—A. Yes.

Q. Then when you took that order on the 17th of July did you retain Kirby on the graze fuse?—A. No, we never hired him until later when we took a time fuse order.

Q. Then you did not have him in for the graze fuse?—A. No, he had never worked on the graze fuse.

Q. Did you manufacture all the component parts of the graze fuse in your own factory in Toronto?—A. Pretty nearly all. I have the parts here if you wish to see them.

Q. You have?—A. Yes. These are the parts we make (Producing). They are separated.

Sir WILLIAM MEREDITH: These are what you make?—A. Yes.

Hon. Mr. DUFF: And these are what you do not make?—A. Yes.

Mr. HELLMUTH: Is it the small parts you do not make?—A. You can see there.

Sir WILLIAM MEREDITH: Some of these are pretty small here.

[Thomas A. Russell.]

Mr. HELLMUTH: Is that all you did not make?—A. That is all we did not make on the first half of the order. On the other half of the order that is what we did not make.

Sir WILLIAM MEREDITH: I suppose you are aware that these will be confiscated?—A. The total value of the parts we imported was about \$70,000.

Hon. Mr. DUFF: But per fuse, \$70,000 divided by five hundred?—A. No, \$70,000 divided by two hundred and fifty. Really about 30 cents a fuse.

Mr. JOHNSTON: It might be one-fourth of 75?—A. Yes.

Mr. HELLMUTH: Do you mean that those three small springs on 250,000 fuses amount to \$70,000?—A. No.; those springs on 500,000, and those other little parts in the other box on 250,000 amount to that.

Q. The two combined?—A. Yes.

Hon. Mr. DUFF: The total.

Mr. HELLMUTH: The total on the 500,000 fuses?—A. That (producing) shows the operation of the fuse when it is assembled.

Hon. Mr. DUFF: And that is all made with the exception of the three spirals?—A. And two little needle points.

Q. Those are the percussion needles, I suppose.

Sir WILLIAM MEREDITH: Does he mean those five things for the whole cost \$70,000?—A. No. The five things for the whole, including the five and some other things for the 250,000.

Hon. Mr. DUFF: These?—A. Those were not made on the first half; these were not made on the second half of the order. There is a point I would like to mention on that at this stage, if you don't mind.

Mr. HELLMUTH: I do not mind at all. I want you to understand, Mr. Russell, that you are perfectly free at any time to mention anything.

The WITNESS: There have been certain suggestions made which I do not feel are quite fair to our company about subletting the order. Now, the contract specifically says what we are to do in Canada. We were to provide by the 1st of March 3,000 a day. We had bought by the 27th of July, which was before the contract was signed, all the machinery for making all the parts, we had bought that, contracted for it. But there was so much difficulty about getting the machinery, and we were so anxious to avoid a fall down that I did two things: I placed a contract with a firm for 200,000 of the three larger parts, and I also ordered a little later nearly 700,000 pounds extra of steel, so that if the machinery man fell down we might have the parts, and if the parts man fell down and the machinery man did not we would still make good. Actually the man who was to deliver the parts never did deliver any of the three large parts, and our machinery came to hand and we have a plant with a capacity of 4,000 a day. We have made more than that a day, but on our actual contract we have to have a capacity of 3,000. We did put in a plant with a capacity of 4,000.

Mr. HELLMUTH: Your graze fuse plant has a capacity of 4,000 a day?—A. Making every part of the fuse except those three little springs and the two little needle points.

Q. And is it fair to say that on the first 500,000—A. The first 250,000.

Q. No, I want to take it combined first. You have made 500,000?—A. When we are through our contract we will have made that.

Q. We will put it that way. When you are through with your contract if you continue it as you are going on now the only amount you will have paid out will be \$70,000?—A. That is right.

Sir WILLIAM MEREDITH: When is his time for delivery?

Mr. HELLMUTH: I am coming to that.

Q. Have you got a copy of your contract there?—A. I have a copy of it.

Q. In your contract, which is exhibit 148 (page 156), you were to deliver the 500,000 in the following way, "The company shall begin to make delivery of fuses under this agreement not later than four months from the date of the execution of this contract, and such deliveries shall then be made at the following minimum rates, that is to say, during the fifth month 50,000, during the sixth month 75,000 fuses, and 100,000 fuses per month thereafter. Price of \$4.00," and so on for fuses. Now, this agreement was dated the 17th of August and you were to deliver 50,000 fuses?—A. By the 17th of January.

Q. Yes, by the 17th of January. As a matter of fact I believe you got an extension?—A. Yes.

Q. Indeed, you got two extensions, did you not?—A. They were combined in one really. There were two causes which contributed to it.

Q. I do not want you to misunderstand me, or for me to misunderstand you. I think, Mr. Russell, you will find that Mr. Harris did say that there was only one extension and two causes for it; but looking at the papers that I have had in this matter before me I do not think you can be correct in that. I am liable to be wrong, of course, but I think I am right?—A. I can tell you what happened.

Q. I mean you got an extension of a month?—A. I never could find that we had a letter covering that.

Sir WILLIAM MEREDITH: Perhaps it is only a difference in terms. There was an extension for a month?—A. Yes, that is substantially correct.

Mr. HELLMUTH: I see here it says, "The company shall begin to make deliveries of fuses under this agreement not later than four months." That would make you start delivering fuses on December 17th or January 17th.

Hon. Mr. DUFF: By January 17th he was to have delivered 50,000. That is what he says.

Mr. HELLMUTH: But he would have to commence sooner.

Sir WILLIAM MEREDITH: He says there was a verbal extension for a month, and then a second extension for a month, and the two were combined in one writing?—A. The second one was for two and a half weeks and it extended the date from January 17th, when we were to ship 50,000, to March 5th, and the other dates were moved correspondingly forward.

Hon. Mr. DUFF: Did you make default? Did you begin delivering sometime in the month of December?—A. No; but we did not think that that was our fault.

Q. When I say did you make default, I mean did you fail to comply with the strict terms of the contract?—A. No.

Q. Somebody said you began delivering about Christmas time.—A. That was inaccurate. Our first shipment—I have it here if you wish to see it.

Mr. HELLMUTH: I am getting that. On December 30th, 1915—I have only just picked up this file and I may not be accurate, but I find a letter here of December 30th, 1915, to the Russell Motor Car Company saying, "In pursuance of the conversation with your Mr. Russell and Mr. Harris this morning, we have decided to extend the date of delivery as called for by your contract on number 100 fuses for one month."—A. I do not have that. The reason for that may be that this file was thought to contain everything necessary, and it contains the correspondence until the end of December. I presume we did not receive that until January of February.

Q. You should have received it on the 31st?—A. That was the arrangement. There was an extension on account of gauges for thirty days, and a subsequent extension of about two weeks by reason of the change in the adapters.

Q. That would have given you of course to the 17th?—A. Of January.

Q. To commence delivery?—A. Yes.

Q. And then you got to the 17th of February to commence?—A. No, it would have given us to the 17th of January to commence, and that we should have 50,000

[Thomas A. Russell.]

shipped by the 17th of February. That date of the 17th of February was moved forward to the 5th of March, nearly three weeks; the second extension.

Hon. Mr. DUFF: Was the date of the 17th of January not moved forward?—A. I suppose it probably was.

Mr. HELLMUTH: I think you will find it was. It is not very material, but what occurred was you were moved forward from the 17th of December, when you had to commence delivery, to the 17th of January, that was the first; then you were moved forward from the 17th of January to the 17th of February; and then you were allowed to complete your delivery until the 5th of March?—A. The first 50,000 to be shipped by the 5th of March.

Hon. Mr. DUFF: Are you quite accurate about commencing? You were to commence delivery by the 17th of December by your contract?—A. Begin to make deliveries, yes.

Q. You got on the 30th of December an extension?—A. What actually happened was that the date of the 17th of January was moved to the 5th of February to commence delivery, and a month from the 5th of February we should have shipped 50,000.

Hon. Mr. DUFF: The date of commencement was moved on from the 17th of December to the 17th of January?—A. Yes, sir.

Q. And at a later date that date for the commencement was moved from the 17th of January to the 5th of February?—A. Yes, sir.

Q. The effect of that would be that you would be obliged to deliver 50,000 within the month ending the 5th of March?—A. Yes. That was my understanding of it, and what we acted upon.

Mr. HELLMUTH: There are a couple of letters which I do not think are in yet, and perhaps they had better go in now. These letters are dated February 12th and February 17th, 1915, and they make the matter, I think, clear beyond doubt.

Hon. Mr. DUFF: Is that the effect of them, just as he has stated it?

Mr. HELLMUTH: I don't know that it is, but pretty near that.

Hon. Mr. DUFF: It may be unnecessary to read them in full.

Mr. HELLMUTH: I think it is only fair to Mr. Russell that he should have the facts put before him. One letter shows that there was some ground for extension, and it is only fair that it should be read. The first letter is:—

276 King Street West, Toronto, Ont.

February 12, 1916.

The Imperial Munitions Board,  
Shell Committee,  
Ottawa, Ontario.

Attention Mr. C. B. Gordon.

"GENTLEMEN,—We have your esteemed favour of the 10th instant, in which you ask us to cancel all No. 100 fuses which have not been delivered as per contract.

Q. Evidently they had written a letter to you concerning cancellation?—A. Evidently.

Q. I never knew of it until this moment.

"The original date set for the first month's shipments was January 17th."

Sir WILLIAM MEREDITH: That is right.

Mr. HELLMUTH: "And this was afterwards moved one month later by reason of inability of the Shell Committee to supply us with gauges. This makes the first date on which a definite number of fuses should be shipped as February

17th next. We are expecting to make an important shipment before that date, but in the meantime wish to submit some important considerations with regard to this question of cancellation, and that the writer will look forward to discussing it personally with you during the week of February 14th.

"First, since the date was set as February 17th, your Board found it necessary to alter the adapters in some important particulars. As a result 19,000 adapters that we had practically finished, were useless, but the delay to all production was due even more to the manner in which this affected our tool work—it meant that we had to make a number of important tools and change the set-up of the machines, and this not only meant a delay on adapters but the switching of the tool makers from other work that was most important. Take it altogether, we think this change caused a delay to us in beginning shipments of not less than two weeks. While we are aware that we are responsible for our sub-contractors' results, we think you know that any delay on our part has been due to the failure of one sub-contractor to supply us certain parts which he undertook to do. When we realized how badly we were going to be served by him we increased our machine equipment and have now provided for a complete equipment for manufacture of 5,000 fuses per day.

Q. You told me 4,000 a day?—A. We found that in order to get the finish necessary we cannot get 5,000 a day.

"We have at the present time in operation exclusively on Graze Fuse work a total plant of a value of \$450,000, and are at the present time employing 325 people. You will see that this is taking our responsibilities in connection with the order seriously. We have now got well into production and we believe we are going to be able to complete the whole order in satisfactory time.

"We are submitting these facts for your consideration, and the writer will discuss them with you personally within the next few days.

"Yours very truly,

"RUSSELL MOTOR CAR Co., Ltd.,

"T. A. RUSSELL,

*General Manager.*

Then on the 17th of February, 1916, Mr. Gordon wrote you saying:—

February, 17, 1916.

The Russell Motor Car Co.,  
Toronto, Ont.

Dear Sirs:—

As a result of interview to-day between Mr. T. A. Russell, Mr. Lloyd Harris, Mr. J. W. Flavelle and Mr. C. B. Gordon, the following arrangement has been arrived at.

That the deliveries mentioned in your contract be extended so that they commence on February 5th instead of the date specified.

Yours truly,

C. B. GORDON,

*Deputy Chairman.*

(Two letters marked as Exhibit No. 329.)

So that "they commence on February 5" would mean until March 5 there would not have to be 50,000 delivered?

Hon. Mr. DUFF: That is what he said, exactly.

[Thomas A. Russell.]

Mr. HELLMUTH: Are you manufacturing in a new building or in an old building?—A. We are manufacturing in a leased building, a new building.

Q. But a leased building?—A. A leased building.

Q. Not in your own factory?—A. No.

Q. I know you wanted to give this to me, and I desired that you should have an opportunity of doing so. You have a schedule showing your shipments of No. 100 graze fuses?—A. I think it was put in.

Q. I don't think it was?—A. It is only up to April.

Q. If you will give it to me, I will be very glad to read it, and to be put in. (Produced). May I put in the figures 1916, as there is no year given? Of course you mean 1916?—A. Yes, sir.

Q. The shipments are as follows:—

SHIPMENTS No. 100 Graze Fuse.	
1916.	
Feb. 17.. . . . .	12,000
“ 26 .. . . . .	15,000
Mar. 5 .. . . . .	23,000
“ 11 .. . . . .	19,000
“ 17 .. . . . .	19,000
“ 23 .. . . . .	22,000
“ 28 .. . . . .	20,000
“ 31 .. . . . .	20,000
Apr. 7 .. . . . .	25,000
“ 13 .. . . . .	25,000
“ 19 .. . . . .	24,000
“ 29 .. . . . .	26,000
Total .. . . . .	250,000

(Marked as Exhibit No. 330.)

Hon. Mr. DUFF: Delivered in accordance with the terms of the contract?—A. Yes, sir, the amended contract.

Mr. HELLMUTH: You subsequently applied, did you not, for a time fuse contract?—A. Yes, sir.

Q. That is, to the Munitions Board, did you not, Mr. Russell?—A. No, a tender was put in to the Shell Committee.

Q. It is dated December 1, isn't it?—A. There is one dated September 20.

Q. Is there?—A. Yes, sir.

Q. Has it gone in already, the proposal of September 29?

Sir WILLIAM MEREDITH: I don't think it is in yet.

Mr. HELLMUTH: Have you it here, Mr. Russell?—A. I have a copy of it.

Q. It is dated September 20; I think this is a copy?—A. Are you sure it is dated the 20th?

Q. Mine is dated September 20. What is your date?—A. September 29.

Q. Mine is only a copy, so yours would be the more accurate?—A. That has been redated the 29th.

Q. All right. It is addressed in this way:—

TORONTO, September 29, 1915.

To the Chairman,  
Shell Committee,  
Ottawa, Ont.

DEAR SIR,—We, the Russell Motor Car Company, Limited, hereby offer to supply the Shell Committee with one million (1,000,000) fuses at four dollars

and sixty cents per fuse (\$4.60) in the event of our tender being accepted, we agree to the following:—

We will deliver fuses freight paid to the shell loading factory, in Canada, designated by the committee.

The fuses to be packed in boxes supplied by us to the design of the committee.

The delivery of fuses to commence not later than March 1, 1916, and continue at the following rate:—

March, 50,000; April, 75,000; June, 100,000; July, 100,000; and 125,000 monthly thereafter, the whole of the fuses to be delivered not later than December 31, 1916.

You were taking a year and three months, were you not, on that, for the million?

—A. By the tender, yes.

The fuses shall be made in accordance with the specification No. L/3280 and drawings No. R.L. 20590 (1, 2 and 3) and R.L. 16603-C (1).

We will provide gauges for the use of the inspectors appointed by the Committee.

In the event of our failing to deliver fuses in accordance with quantities and rate of delivery specified, we agree to accept cancellation of that portion of the contract which has not been delivered to date.

RUSSELL MOTOR CAR COMPANY, LIMITED.

T. A. RUSSELL, *Vice-President.*

P.S.—See letter accompanying this proposal.

(Marked as Exhibit No. 331.)

I have not got the proposal, but this is the letter. Now, Mr. Russell, I see that at that time you were offering to supply the Shell Committee with one million fuses at a price of \$4.60 per fuse. Were you aware that the International Arms and Fuse Company at that time, and the American Ammunition Company, were supplying time fuses at \$4.50?—A. Yes.

Hon. Mr. DUFF: Agreeing to supply them.

Mr. HELLMUTH: Agreeing to supply them, yes, sir. This was an agreement to supply.

Hon. Mr. DUFF: But they were not supplying.

Mr. HELLMUTH: But that they had agreed to supply.

Q. Were you aware, Mr. Russell, that they had agreed to supply?—A. Yes.

Q. How did you come to put a higher price on them; did you know that they were not going to be able to supply them at \$4.50?—A. Aluminum had gone up in price from 19 cents to 50 cents.

Sir WILLIAM MEREDITH: You would wish that you had a stock on hand?—A. I had a stock on hand of about 100,000 dollars. The price had gone up, according to my recollection from 19 cents to 50 cents, and most machinery and machine tool steel had increased in price.

Mr. HELLMUTH: At any rate, prices had gone up?—A. Yes.

Q. That proposal at all events was not accepted, was it?—A. No. There were no contracts let at that time.

Q. There were no contracts let at that time to anybody?—A. No.

Q. As far as you know, by the Shell Committee?—A. No.

Q. On December first you put in another proposal, didn't you? I don't think there is any object in following up the one of September 29, as nothing came of it. I want

[Thomas A. Russell.]

to deal with the one of December 1st. On December 1st you find a proposal?—A. No, not to the Shell Committee.

Q. Memo re proposal for manufacture of time fuses for Imperial Munitions Board, It is signed by the Russell Motor Car Company, Limited, T. A. Russell, General Manager.—A. I have only brought my correspondence with the Shell Committee. I can recognize it, though.

Q. It is headed in that way. I will put it in if it is right, and if there is anything you want to correct me on, you may do so. I will have to take it out of my brief. Look at it for a moment, and tell me if you can recognize it. (Shows to witness).—A. That is right.

December 1, 1915.

MEMORANDUM re proposal for manufacture of Time Fuses for Imperial Munitions Board.

In connection with our tender for manufacture of No. 80 Time Fuses we beg to submit the following particulars:—

(1) *Organization.*

Mr. Lloyd Harris, First Vice-President of this Company, is in position to give considerable time to consultation and direction of the work. He has an extended connection in manufacturing lines, which will be of advantage to the Company.

Mr. T. A. Russell, General Manager of the Company, will be in immediate charge of the organization, and the recently completed arrangements for the motor end of the business made his close personal supervision of this work possible.

Mr. C. R. Burt, Assistant General Manager of the Company, will be in charge of all the mechanical work. Mr. Burt is a qualified machinist and tool maker, who got his training at Brown & Sharpe, Providence, where he subsequently became Tool Room Foreman. Later he was General Superintendent of Barber-Colman Company, Rockford, Ill., where he had entire charge of the shops in the manufacturing of textile machinery, gear hobbing machines and small tools. Mr. Burt has been in the employ of this Company for two years.

Mr. F. Adams, General Superintendent of our Works, will now devote the whole of his time to munition work. He is an experienced machinist, was Foreman of our Tool Room and subsequently Superintendent of our Bicycle work, where he has had charge of automatic machines, and small tools. His record as a producer of high grade work is the best.

In addition to these men of executive experience we have the following available for special Departments:—

J. Wright, formerly in charge of assembly of fuses for the Ansonia Manufacturing Company of Ansonia, Conn.

E. J. Cunningham, in charge of Screw Machines and Turret Lathes. Formerly in this position with the Franklin Automobile Company of Syracuse, N.Y.

W. A. Long, for ten years with Brown Sharpe, Providence, as Chief Inspector.

F. H. Heckman, trained machine man from the United Shoe Machinery Company,

In addition to these men, who are already on our staff, we have had arrangements for the securing of two further men with special fuse experience, one with several years experience in fuse work in the Frankford Arsenal, and the other with the British No. 80 Time Fuze, with Vickers Sons & Maxim. We believe it is still possible to secure either one or both of these men.



(2) *Material.*

We have sufficient copper, tin and zinc to protect ourselves on deliveries of the first 100,000 fuses, so that we believe we will be able to secure the material required.

(3) *Experience.*

As an organization we have had the following experience:

(A) The manufacture of Motor Cars, including the Knight Engine, which required very accurate machine work.

The manufacture of bicycle, including the component parts thereof, and involving the use of automatic machines, lathes, turret lathes, drills, etc.

We have one of the best equipped machine shop tool rooms in Canada, and have for several years manufactured all of our own special tools.

(B) *Munition work.*

(1) *Shells.*—We received an order for 18 Pr. High Explosive Shells on May 15, 1915. We began deliveries in September and shipped 11,826 during that month. We have now at the end of November shipped 37,944. The shipments for October and November have been very much curtailed by reason of inability to secure supply of Copper Bands.

(2) *Base Plates.*—We were given an order for the foregoing of 200,000 Base Plates. This order has been completed.

(3) *Sockets.*—We were given an order for Brass Sockets for 4.5" Lyddite Shells. We had considerable difficulty in commencement of this order, but on October 18th we promised a daily capacity of 400. Since that time we have actually shipped 13,800 or over a thousand per day.

(4) *Graze Fuse.*—On July 19, 1915, we received a letter from the Shell Committee advising us that they were willing to place an order for 500,000 Graze Fuzes. Formal contract was signed on August 17, 1915. On this order we have received already two-thirds of the Automatic Screw Machines and three-quarters of the Drills required for this work. We have had our own gauges completed, and we have been waiting since November 3rd for the regular gauges from the Shell Committee with which to check our work. Had the Shell Committee been able to secure these Master Gauges from their contractors in time we were ready to start manufacture of the parts on November 3rd last.

(5) *Gauges.*—We have made our own gauges for all this work, and in addition accepted a considerable order for small gauges for the Friction Tube, for the Shell Committee. We were advised by one of the contractors to whom these were furnished that these gauges were very high grade, and well suited for the work. We regard our ownership of a tool room equipment and organization as of the highest value as we do not believe it possible to execute a fuse order to-day except in a factory with well equipped tool room of its own.

(4) *Premises.*

As we consider the question of an adequate supply of skilled labour and of female labour, one of the necessities for the success of this work, we have an option on a factory building of over 50,000 ft. floor space, good until Saturday of this week, in the heart of the City of Toronto, where we believe we are sure of being able to secure the labour required.

For the fuse loading work we hold an option, good until the same date, for a one-story plant in Weston, Ontario, with 40,000 square feet in one building, and approximately 20,000 in two other buildings. We consider this plant particularly well suited for loading work.

(5) *Machine Equipment.*

We have listed the majority of the machinery required for a unit to produce 5,000 time fuses per day. We have actually placed orders for part of this

[Thomas A. Russell.]

machinery so as to protect ourselves, and some of the machines have been received at our plant. The situation is as follows:—

Machines actually ordered.	Delivery.
24 1½-inch screw machines.	12 December.
	12 January.
7 3-inch Jones & Lamson turret lathes	3 machines are delivered, balance of 4 will be shipped in Feb.
4 Gridley automatics.	Received and installed.
6 B. & S. automatic screw machines.	2 received, deliver balance in March and April.
Machines which are not ordered.	
25 1½-inch machines.	February.
15 No. 2 screw machines.	February and March.
40 hand millers.	February.
80 drills.	January, February and March.
24 routing machines.	January and February.
25 bench lathes.	February.
25 small hand screw machines.	March 1st.
30 automatic screw machines.	March and April.
30 tapping machines.	February.

This equipment is based upon an order of 1,000,000 fuses, and the establishment of a plant with a capacity of 5,000 fuses per day. We have had negotiations with a large United States manufacturing concern with an existing plant for the manufacture of small brass parts such as are required in meters and measuring instruments. These people signified their willingness to enter into a joint arrangement with us by which this machinery would be immediately moved into Canada and installed here for the manufacture of fuses. Our plan would be that that unit would be kept entirely separate and independent from the other, and it would be able to get into operation much earlier by reason of the fact that they have the machine equipment available immediately for the work. If, therefore, we are entrusted with the work of providing a capacity of 10,000 fuses per day we will.

(A) Install the equipment in our own organization as outlined above for one unit of 5,000 per day, and

(B) Co-operate with this United States manufacturing firm in Canada in establishing an equipment in separate premises for the other unit. We have the factory space under option until December 4th for this second unit as well.

#### (6) *Loading.*

We have not submitted the details of our loading programme because we have had our arrangements with the American Ammunition Company, who are already under contract to build time fuses to the Shell Committee, by which they would join with us in the establishment of a fuse loading plant in Canada, each contributing equally to the investment required. This would give us the advantage of the experience of this firm's operations in the United States. The American Ammunition Company are now ready to load fuses, and our belief is that the problems connected with this work will be satisfactorily worked out by them before it is necessary for us to do any loading in Canada.

In addition to this arrangement we have two men of experience in fuse loading work with whom we have been in negotiation, and either or both of whom we believe we can still secure to oversee this work.

(7) *Deliveries.*

By reason of the fact that we have already ordered some of the most difficult machinery to secure, we believe that we could undertake commencement of deliveries in five months after receipt of order, and that it would take us three months more to reach our capacity of 5,000 per day. We should have fifteen months from the date of signature of the contract to complete the total order.

RUSSELL MOTOR CAR Co., LIMITED,

T. A. RUSSELL, *General Manager.*

(Marked as Exhibit No. 332.)

Q. I am going to pass over what is called the organization, which sets out who the different people are. After giving the machinists or the men who are capable of doing the machine work, you say.

In addition to these men who are already on our staff, we have made arrangements for the securing of two further men with special fuse experience, one with several years' experience in fuse work in the Frankfort Arsenal, and the other with the British No. 80 time fuses with Vickers, Sons & Maxim. We believe it is still possible to secure either one or both of these men.

The one with the British experience was Kirby, was it not?—A. Yes.

Q. And you had one in mind from the Frankfort Arsenal?—A. Yes.

Q. Did you secure both of them?—A. We secured neither of them. We did secure Kirby later on, but we did not secure the other man at all.

Q. You did not get him?—A. We did not want him.

Q. Then you deal with the manufacture of the parts, in this way:

*Loading.* We have not submitted the details of our loading programme, because we have made arrangements with the American Ammunition Company, who are already under contract to build time fuses to the Shell Committee by which they would join with us in the establishment of a fuse loading plant in Canada, each contributing equally to the investment required.

Was that correct?—A. Yes.

Q. You had made arrangements with the American Ammunition Company in December by which they would come into Canada and establish a loading plant here?—A. With us.

Q. In connection with you, you each contributing one-half?—A. Yes.

Q. "This would give us the advantage of the experience of this firm's operations in the United States. The American Ammunition Company are now ready to load fuses, and our belief is that the problems connected with this work will be satisfactorily worked out by them before it is necessary for us to do any loading in Canada.

"In addition to this arrangement we have two men of experience in fuse loading work with whom we have been in negotiation,"—you are speaking again of Kirby and that other man?—A. Yes.

Q. Just the same?—A. Yes.

Q. Did you secure a contract for time fuses?—A. For the component parts.

Q. You did not get a contract for loaded time fuses?—A. Well, yes, I had one for a few days.

Q. I did not know that. Then you did have a contract?—A. Yes.

Q. You did have a contract for loaded time fuses?—A. Yes.

Q. Did you make any arrangement with the American Ammunition Company?—

A. We never got that far before the arrangements of the Board were altered.

[Thomas A. Russell.]

Q. You were a willing party, may I say, or a consenting party—I won't say willing—a consenting party to having that contract for loaded time fuses cancelled?—A. We had made a proposal to the Committee—I made it verbally—as to the price that we were to supply the component parts at, \$2.75 per set of component parts for the loaded fuses at \$4.25. It was said that other people could do it, and we thought we could do it for that. I met a full meeting of the Board on December 3rd, and they said to go ahead, and I had an order for a million loaded fuses by word of mouth. Practically the whole Board was there, Mr. Gordon, Colonel Carnegie, General Bertram. Later on, almost immediately afterwards we got advice I think by telephone to hold up anything we had. I had not done anything except paying out a few hundred dollars for an option on a building I thought suitable. The Board had decided evidently in the meantime to let two other contracts to machinery firms in Canada to make component parts and to establish a loading plant by the three of us to make the parts, and they just changed it from an order of a million fuses at \$4.25 to a million unloaded fuses at \$2.75.

Q. So that the unloaded time fuses you are now making are being made at \$2.75?—A. Subsequently it was decided by the loading plant that they would prefer to do some machining operations on the rings rather than have us do that before they were shipped to them, and the same applies to other contractors for parts. At the same time a change was made in the fuse, and later the Board settled a deduction and our price was amended to \$2.69 for the sets of component parts.

Q. But the Board had to do something on the fuse after you delivered it?—A. Yes, they had to cut the two rings for powder, powder rings.

Sir WILLIAM MEREDITH: Why was that?—A. Mr. Hathaway, who had charge of the loading I believe, thought that he would rather rout all the rings himself.

Q. Is that on account of it being a delicate operation?—A. I do not know his decision. I have never thought that it was necessary that it should be done either way. It must have suited his plans better.

Q. You have had no experience in loading?—A. No, I have had no experience in loading.

Mr. HELLMUTH: You have never done any?—A. No, have never done any.

Sir WILLIAM MEREDITH: What was the figure——?—A. We offered \$4.50 and we had some bargaining, and we agreed together that it would be \$4.25.

Q. Why, \$4.60 was the September price.

Mr. HELLMUTH: How did you come from \$4.60 down to \$4.25? Had the prices of material gone down?—A. No, they had not.

Q. How did you come to do it?—A. General Bertram and Colonel Carnegie and everybody ragged it out of me, that is all, that I was high and that everybody else was lower, and we concluded that we could do it as well as anybody else, and we took it.

Q. Was it time fuses?—A. Time fuses.

Q. I thought that we had some evidence by Mr. Flavelle what he had paid—perhaps it was graze fuses.

Sir WILLIAM MEREDITH: He gave two figures, one considerably higher than the other.

Mr. HELLMUTH: Yes.

The WITNESS: I think it was the time fuse, I think that is so.

Mr. NESBITT: Unloaded, yes.

Mr. HELLMUTH: One was let for \$2.40?—A. \$2.42.

Q. And the other for \$2.75?—A. And the other for \$2.75.

Hon. Mr. DUFF: Those would be the parts?

Mr. HELLMUTH: Those would be the parts, quite so.

Sir WILLIAM MEREDITH: That would include the rings?—A. Not the routing of them.

Mr. HELLMUTH: Why didn't you get on to the \$2.75 line?—A. I did.

Q. Oh, you got the top price?—A. I understand that the Northern Electric and ourselves were \$2.75 with the 6 cent reduction, making \$2.69.

Sir WILLIAM MEREDITH: That is very suspicious, who was the six cents for?

Hon. Mr. DUFF: Mr. Russell said something about having been told at the time he accepted \$4.25 that other people were doing it at \$4.25. I did not catch the answer exactly. What was it that you wanted to say?—A. They asked my figures, and Mr. Gordon and Mr. Flavelle and Colonel Carnegie assured me that I was high in price, and Mr. Harris and Mr. Burt who were with me went home that day, and the next day it was settled that we could do it at \$4.25. We figured that it meant a profit if we did it, expertly, and we took it. The \$2.42 price I did not know about at the time. It comes from a difference in the method in manufacture. We are figuring on doing the various parts of this fuse on what we call hand machines, the practice generally followed in England. I believe the other firms planned to do it on what we call automatic machines. Generally speaking I believe that is considered dangerous practice, but the Williams people I believe will be successful.

Sir WILLIAM MEREDITH: Where does your testing come?—A. Testing these twenty odd pieces by gauges and so on, the time stirrup spring, the percussion stirrup spring and ferrule, that they must not give way under a certain number of pounds, and must give way under another certain number of pounds.

Mr. HELLMUTH: You have not anything to do with firing proof?—A. Only to this extent, that if firing proof demonstrated that our body broke through here, or the rings burst or any of these happened, then all our work would be rejected as I understand it.

Sir WILLIAM MEREDITH: Would that necessarily be shown by the firing test?—A. Oh, yes.

Q. I should have thought it would blow it to pieces?—A. The fuse should retain its identity.

Mr. HELLMUTH: A witness who was in the box the other day said that it was very difficult to tell why these time fuses failed under proof, that it might be possible that the blend of powder and the packing or pressing were all right, and yet there would be something in the manufacture of one or more of these component parts that would ruin it, so that it would not function on time as it ought to. As I understand it, any manufacturer of an unloaded time fuse does not take that risk if his fuse passes the various—may I call them rest tests—that is the tests outside of firing?—A. Of course we have a good deal to learn about that yet ourselves. We have only got started on the time fuses. We have shipped a number of samples to the loading plant, they have been loaded. There would be some thing which would be directly up to the manufacturer of parts. This spring has to arm when the shell is fired. If it did not it would be our fault. Your point is that the big risk of rejection going with the loading and not with the making of parts.

Sir WILLIAM MEREDITH: Did you learn why the Munitions Board preferred not to leave the loading to the contractors?—A. No, I never had any real discussion as to why that was.

Q. You don't know why, then?—A. No, I don't know why. The opinion I have of that—it is only an opinion—is that loading properly done, successfully done, there is such a danger of rejection that a private contractor has to add considerably to his price to protect him against this, and the Board would probably feel if they handle it successfully that they would make a great saving.

[Thomas A. Russell.]

Q. Does that mean that the proof is defective?—A. No. As I understand it—I am not a loading expert—there are so many things that enter into the construction which may interfere with the firing test, and then when it is done your rings are ruined and your whole fuse has to be disassembled and new rings loaded, and it makes it a very expensive proposition for the loading plant.

Mr. HELLMUTH: Were you in the American Ammunition Plant?—A. I was not. Mr. Harris has been and Mr. Burt has been at different times, both the American and the International. We have not imposed on them very much, but they have both extended us courtesies in going through their plants.

Q. You have not been there either, to the International?—A. Personally I have not been there either. Mr. Burt is the mechanical man, and he has been.

Q. Of course, then, you would not be able to say anything in regard to either of those plants as to their completeness.—A. Nothing.

Q. Or incompleteness?—A. Not from personal knowledge.

Q. Do you know whether you got any gauges from either of these plants?—A. No, but on those parts which have the functioning to do, we arranged to get I think it is 100,000 sets of parts from the Keystone Watch, to check against the ones we are making. It is not a matter of machining, but material, and the International were good enough to permit the Keystone Company to use their gauges in testing those parts.

Q. You never will do any loading on the contract you have got?—A. No.

Q. You have no loading plant of any kind.—A. No.

Q. And you cannot speak in any way except from hearsay as to the difficulty of loading.—A. No.

Q. What have you done with Kirby?—A. We engaged Kirby after we took the time fuse order. He had had a good deal of experience in training girl help in the making of fuses, and that is his work with us, teaching girls.

Q. That is the mechanical part?—A. That is the mechanical part.

Q. Not the loading?—A. Not the loading.

Q. You have kept him for the mechanical part?—A. We engaged him for it. We did not have him ever at any time in our employ until we took him on this.

Q. Then, you have shipped a considerable quantity of graze fuses, 250,000?—A. About 300,000 now.

Q. Do you know whether any of those fuses have been sent to the front, to England.—A. They have gone to England, yes.

Q. Do you know whether any have been loaded.—A. No. I know they have been inspected there.

Q. But loaded, do you know whether they have been loaded?—A. I would expect that it meant loading, that they had been given a thorough inspection.

Q. Can you tell me were those fuses inspected here at all?—A. Oh yes, the parts were inspected by the Canadian Inspection Company, and the completed fuse inspected by a British inspector and his corps, acting under Lyon Brown in New York.

Q. So they would all be properly inspected?—A. They should be.

Q. Could you tell me how the inspection would be in England?—A. Yes, I know that on the first 55,000 they found a lot of defects.

Q. What was the difficulty on the first 55,000, if you can tell me generally?—A. The main difficulty was the high time on adapter recess.

Q. Yes?—A. Which we and our inspectors misread, which relates to the fit of the adapter into the body.

Q. Yes?—A. Some criticism as to the fulness of this thread, but this was the principal one; and on a few the question was raised as to the protrusion of the graze pellet into the percussion pellet.

Q. Would the result be that they would be used, or rejected?—A. I am not clear on that.

Q. It would not affect your price or contract here?—A. It does not affect our contract. It is a matter that we could easily change to whatever is wanted, and I

may say that it was with regard to clearing up that difficulty and anticipating any difficulties that might arise on our time fuse work that Mr. Harris and our superintendent went to England to make sure that our standards agreed with those at Woolwich.

Q. At all events, you are quite satisfied are you not now, that with what may be required to be rectified there, you can make a perfectly good graze fuse?—A. Oh, absolutely.

Q. Have you as yet made any of the time fuses?—A. We have shipped about—only samples—first a dozen and then 50 samples to the loading plant at Verdun. The parts were all inspected and passed, and we are just operating now breaking in help, and teaching the help until we get a complete report that they do not find anything in firing that we did not find in the physical and gauge tests.

Sir WILLIAM MEREDITH: Have you suspended operations?—A. No, but instead of running at a capacity of probably a thousand or so a day we are doing 300 or 400 a day, just playing between.

Mr. NESBITT: Just what?—A. Just working between.

Mr. HELLMUTH: I had forgotten to ask you one question which I should have asked you.

Q. I am going back now. I believe you did see the Shell Committee in reference to advances at one time, didn't you, advances upon your graze fuse contract?—A. It was only discussed with Colonel Carnegie present.

Q. Only Colonel Carnegie?—A. Colonel Carnegie only was present when that was discussed.

Q. Will you tell me what was said on that occasion?—A. My recollection of that is—I know that Colonel Carnegie disagrees and I do not wish to do him any injustice on it—but my recollection is very clear. Colonel Carnegie sat there and I sat beside him on his right hand, and Mr. Harris and Mr. Ryckman were present, and I had some memoranda, one was a request for an advance of \$100,000. He said, "We cannot do that for you." As nearly as I can recall I said, "But you did do that for the other people." He said, "The only advances we have made was for cartridge cases." To Mr. Harris, Ryckman and me, that conveyed that it had not been done to the fuse people.

Q. Didn't you know at that time?—A. No.

Q. Why did you say it?—A. Why did I which?

Q. Why did you say it?—A. Why did I say what?

Q. What you told me at first, that you said, "You have done it for the others."?—A. I said, "Didn't you do it to the other people."

Sir WILLIAM MEREDITH: You have heard what Colonel Carnegie says, that he was speaking with reference to advances to Canadian manufacturers.—A. Yes.

Q. What do you say to that?—A. I can only say to that, Sir, that I would like to give the man the benefit of the doubt and believe that that was in his mind. There is no question in the way it was put by him that it conveyed to Mr. Ryckman, Mr. Harris and me the other.

Q. What object would he have in telling you that untruly? Can you suggest any object?—A. I would not suggest any, sir.

Q. Is there one that can be suggested?—A. Do you think that I should try to suggest any motive? I did not impute any. I did not find out until the middle of September that it had been done definitely; Mr. Yoakum told me then, and I was annoyed. Colonel Carnegie discussed that with me in November. I buried the matter and accept his statement that he did not mean what we thought he meant.

Mr. HELLMUTH: I think that is a very fair statement, Mr. Russell. You accepted it at that time?—A. No, in November. Of course what happened as a result of this, the question was asked Mr. Harris as to having animus, having suspicions against

[Thomas A. Russell.]

the Shell Committee. We never had any suspicions of the Shell Committee until the month of September when two things happened, when I found that we were not invited to tender on time fuses after all the work we had done, and when I learned from Mr. Yoakum that \$3,000,000 had been paid to United States firms when we definitely understood—may be wrongly—that it was refused to us, and told that other people had not received it. That is the only time we ever questioned anybody's good faith. That gave rise to the interview with Sir Robert Borden. Colonel Carnegie and I met afterwards and we agreed that there were too many things to do, and we buried it and that was the end so far as I was concerned.

(The Commission adjourned at 5.35 o'clock p.m. until 10 a.m. to-morrow.)





# ROYAL COMMISSION.

## TWENTY-THIRD DAY.

OTTAWA, Thursday, June 1, 1916, 10 a.m.

(Examination of T. A. RUSSELL, continued.)

Mr. JOHNSTON: We have just received a telegram from Mr. Ohmer, of Dayton. Before answering it, I thought it would be proper to submit the contents of the telegram to the commissioners, as it affects the question of his attendance here, and I do not really know what to say until some conclusion is reached with regard to time.

Leaving out some parts of the telegram that are not necessary for me to read here, matters that really do not affect this question, he says: "Have correspondence bearing on your investigation. Will be glad to testify before committee. Important meeting Friday and Saturday this week require my presence here; could leave for Ottawa Sunday, the 4th. Wire your wishes.—WILL I. OHMER."

Sir WILLIAM MEREDITH: Mr. Ritche had already communicated with him Monday afternoon.

Mr. CARVELL: This is a telegram to me, no doubt in response to Mr. Ritchie's telegram.

Sir WILLIAM MEREDITH: Mr. Ritchie's telegram, as I understand, said Monday would do. What is your date, Mr. Carvell?

Mr. CARVELL: The date of my telegram is May 31, yesterday.

Sir WILLIAM MEREDITH: He says, in another telegram, that he will leave Dayton Sunday, arriving at Ottawa Monday, and to send authority for passing customs officials with samples, that he may not be delayed at line without credentials.

Mr. MARKEY: Leaving Dayton Sunday, he would get to Toronto Monday and Ottawa Tuesday, I should think. That is the explanation of both telegrams.

Sir WILLIAM MEREDITH: He is coming anyway. At what point will he cross the border?

Mr. JOHNSTON: At Buffalo, I presume. He would come from Dayton on the Big Four to Buffalo, or he could come down and cross the river at Cornwall.

Mr. HELLMUTH: To get here by Tuesday.

Mr. JOHNSTON: He would come from Dayton to Cleveland, then to Buffalo, transfer there, and then to Toronto.

Sir WILLIAM MEREDITH: Better have a telegram sent to the Customs Officer at Toronto to allow this man to pass with his samples. Who will attend to that?

Hon. Mr. DUFF: Get the Customs man to instruct them from the Department here.

Mr. HELLMUTH: Dr. Reid would be the man to see about that.

Hon. Mr. DUFF: Or his Deputy. That would be better than sending a telegram ourselves. Perhaps it would be better for the Secretary to telegraph and find what route he is coming by, and on receipt of that information instructions will be sent to the Customs officials.

Mr. HENDERSON: While Colonel Allison was in the witness box, the Commissioners asked for some information as to whether or not he was in Ottawa between, I think it was the 28th of April and the 5th of June, or the 26th of April and the 5th of June. Colonel Allison can find no trace of his having been here, in the hotel register. However, he has ascertained that he was in New York on both the 28th of April and the 5th of June, and apparently was there during that period.

Sir WILLIAM MEREDITH: Call him back, then, and let him make that statement.

Mr. HENDERSON: Very well.

Mr. CARVELL: Before the adjournment I asked a question as to whether or not an attempt would be made to have Mr. Bassick and Mr. Lignanti brought here. Has any attempt been made, or any communications been received?

Mr. HELLMUTH: I stated at the opening of the session on Monday that I had written to both Mr. Bassick and Mr. Lignanti, and I have here a copy of a letter which I may as well read, written to Mr. Lignanti, and a similar letter to Mr. Bassick:—

“I have been instructed by the Commissioners who are investigating certain contracts made between American manufacturers and the Shell Committee of Canada to request your presence at Ottawa some day during next week, either Thursday or Friday, June 1st or June 2nd, as may be convenient to you.”

That would be this Thursday or Friday.

“The particular matter in regard to which your evidence is considered valuable is in connection with a contract for two and a half million fuses by the American Ammunition Company. Kindly advise me if you can be present.”

Those letters were sent to Mr. Ritchie, in view of the fact that I did not have the addresses with me in Toronto, and they were forwarded to those two gentlemen. Since then there has been no reply. It is possible that the replies may have been directed to me at Toronto, but if so they would have been forwarded here, as I left instructions to that effect, but up to date nothing has been received—there has been no answer to my letters.

Mr. CARVELL: That is very satisfactory. We have done all we can do. We have no power over them, and we can go no further.

Sir WILLIAM MEREDITH: Have you any further questions to ask Mr. Russell, Mr. Hellmuth?

Mr. HELLMUTH: No sir. I have finished my examination.

Mr. JOHNSTON: Mr. Carvell desires to ask some questions.

Sir WILLIAM MEREDITH: The Secretary says that Mr. Lignanti's address was not known, and that the letter was sent to him in care of some legal firm.

Mr. HELLMUTH: The information was given to me at some time here that Mr. Lignanti was in the office of Grossman & Co. almost every day. I asked Mr. Ritchie to send it to that address when I sent it down, but I did not know the firm's name at the moment.

Mr. CARVELL: I only wish to ask about half a dozen questions. I first want to give Mr. Russell an opportunity of explaining something which appeared in the

[Thomas A. Russell.]

papers as a result of the evidence, but which I do not think is in the evidence at all. It may be a little irregular, but I think it is a matter of justice to Lloyd Harris that this should be done.

I saw in the papers myself, and the witness told me this morning that he had seen in one of the papers a statement to the effect that in New York Mr. Lloyd Harris had said to General Hughes in some way that he would look after him if he had got the Russian contract.

Q. Is that the substance of what you saw in the paper, Mr. Russell?—A. I am sorry I did not bring the clipping. It was not quite so blunt as that. I think the words recorded in the papers were that if he helped him to get the contract he would not forget him.

Sir WILLIAM MEREDITH: General Hughes said that in the witness box. He said that he tapped him on the shoulder and said "If you do this for me"—I have forgotten the exact expression.

Hon. Mr. DUFF: "I shall not forget you."

Mr. HENDERSON: In a perfectly friendly way, without imputing anything.

Sir WILLIAM MEREDITH: It was not in reference to time fuses?—A. No, it was in regard to Russian shells.

Mr. CARVELL: I have before me the evidence in which that conversation is referred to (page 1227) and I do not find it there.

Sir WILLIAM MEREDITH: It was certainly said.

Mr. CARVELL: Were you present at the time?—A. I was present during the whole interview.

Mr. HENDERSON: It is on page 1227: "You help us with this and we will not forget you." It was said smilingly and without imputing anything.

Mr. HELLMUTH: Here it is:—

"Q. Mr. Russell?—A. Mr. Harris; Mr. Russell did not come. Mr. Harris and I went up to this room that Allison gave us the key of. We chatted there awhile."

Mr. CARVELL: Were you present at that conversation, Mr. Russell?—A. That does not give me a chance to answer it correctly, because it implies that that conversation took place.

Q. I will put it this way. The conversation to which reference has been made was in New York on the 28th or 29th of April, 1915?—A. Yes.

Q. General Hughes says that Mr. Harris came to the Manhattan Hotel—I think he used the words "Manhattan Hotel"—I am laying a foundation so that you can say whether or not you were there—that the General did not have a room, and Allison said, "Take the key of my room," and they went up. Were you at the conversation which took place under those circumstances?—A. Mr. Harris had called up Colonel Allison two days before, and Colonel Allison had told him that the Minister would be in New York on the 30th, and that he thought he could arrange to see him in regard to those machine guns. Mr. Harris and I together went directly upstairs after talking to Mr. Allison, to Mr. Allison's room. There were two rooms; one was being used as an office and the other as a bedroom. Mr. Harris and I passed into the bedroom, and he said General Hughes would join us in a moment or two. General Hughes came out from the washroom and joined us, and we had a very pleasant conversation for two or three, perhaps fifteen minutes. What I wish to say is—and I am sure Mr. Harris cannot wish that there should be any different inference, and I want to clear it up because the newspapers have commented adversely upon it—that there was nothing said that would possibly imply an impropriety or anything like that between Mr. Lloyd Harris and the Minister.

Sir WILLIAM MEREDITH: I happened to read an editorial in one of the papers in which it was pointed out that there was nothing improper.

WITNESS: There were no words that I can recall that would give that sort of an impression. I feel that in justice to Mr. Harris I should say this.

Mr. CARVELL: You wanted an opportunity to explain the matter?—A. I did.

Q. I want you to go back to your evidence of yesterday, Mr. Russell, to the interview with certain members of the Shell Committee, or with Colonel Carnegie according to your evidence on I believe the 13th day of May, or the 14th, I am not sure which?—A. It would be the 13th.

Q. You stated yesterday that during the conversation some member of the Shell Committee asked Mr. Harris if he had seen Colonel Allison with reference to these fuse contracts. Will you tell me now just what was said by both parties at that conversation?—A. I cannot say exactly what was said. My recollection is that General Bertram asked Mr. Harris if he had seen Colonel Allison, and Mr. Harris stated that he had not seen him with particular reference to fuses, but that he had telephoned him, and that Colonel Allison had stated that there were so many people mixing up in the fuse business that he had given it up and had so notified the Minister. There was some pleasantry passed—a smile or something—between Colonel Carnegie and General Bertram, and some little reference to it.

Q. Did General Bertram use the words "Foxy Allison"?—A. When Mr. Harris said that, it made me feel confident, it refreshed the conversation in my mind, I don't know that I had remembered it before, but I think that was accurate.

Q. Now, Mr. Russell, will you tell me how many people you have in your employ now in the manufacture of fuses, in Canada?—A. Grazes, or time fuses?

Q. I don't care which, they are all fuses; both kinds are included in the contract under discussion?—A. In the graze fuse plant we have approximately 600 people employed at the present time. We have only got started on time fuses. We have about 200 employed there, making 800 in all at the present time. Of course we have not got under complete production of the time fuses yet.

Q. Have you erected any buildings or done anything, and if so, give a general description of it?—A. A change took place in our business after taking the contracts, so that the plant that we had available at West Toronto was all going to be used for motor work. We leased one plant for graze fuse work, and another large plant for time fuse work. One was a three year lease and the other a five year lease. We have purchased roughly \$500,000 of new machinery, tools and gauges for fuse work.

Q. With the contracts which you now have from the Munitions Board, and without the possibility of obtaining any future contracts, what will be the number of hands employed by the time these contracts are completed?—A. The number employed will not increase on the graze fuses, it will stay around 600 to keep up our capacity of 25,000 a week. In the time fuses it will increase probably to about the same number, namely, 600, making a total of maybe twelve or thirteen hundred. That is on the present contracts, and with a capacity of 14,000 a day of graze fuses and 5,000 of time fuses.

Q. Have you received any further contracts from the Munitions Board up to the present time?—A. For fuses?

Q. Yes?—A. Not outside of these two.

Q. I do not want any details, but as a fact are you negotiating with the Board for further fuse contracts?—A. Yes, that is correct, for graze fuse contracts.

Q. You are negotiating?—A. Yes. We have offered to very largely increase our capacity on the graze fuse if it is desired; both the Board and ourselves are quite satisfied that we are right on the time fuse to increase our capacity, and we have further offered to the Board when the capacities mentioned are taken up and that is all that we can handle, if they want more fuses made in Canada, we will give access to our plant and data to other firms.

[Thomas A. Russell.]

Q. Have you had any what you might call severe difficulties in manufacturing fuses in Canada up to the present time?—A. We have had plenty of difficulties—I cannot say that I consider them greater than they are in making some other commercial articles like a Knight motor for instance.

Q. The ordinary incidents of a manufacturing concern?—A. I think harder and easier, if I may explain. The individual parts themselves are very close, and therefore hard; the number of parts is limited in a graze fuse to 22 I think, and the time fuse to 27, and therefore the problem is reduced to 22 or 27 as compared with an automobile which has probably 3,000 or so, which is not as great a problem.

Q. Would I be safe in stating that while you have met the difficulties incident to manufacturing in general, you have had no great difficulty in surmounting them?—A. Not once the standard is established, but you understand, we do not know yet that the time fuse on our part is correct. We do not know that definitely yet; we think it is and hope it is.

Q. You have stated here that the great difficulty in the manufacture of time fuses is the loading. You are not doing the loading?—A. No. I cannot give any expert evidence on that.

Q. Have you any doubt on your part as to being able to manufacture according to the specifications?—A. In being able to do so ultimately, absolutely none.

Hon. Mr. DUFF: This is a memorandum which Mr. Harris said he made of a certain conversation, on the 6th of May, at the Windsor Hotel, and which he said he took to Toronto with him and filed; that is to say, left them on the files—of the Russell Motor Co.?—A. The Russell Motor Co.

Q. What I want to know is whether you remember having seen that document at about that time? Did Mr. Harris show it to you, or did you know anything about it at that time?—A. I received that document about that time.

Q. You received it? What do you mean by that?—A. Mr. Harris gave it to me. He came through from Montreal on the early morning train and met me and gave me that memorandum along with another which I have here, written at the same time but which is not relevant to this inquiry, but to keep me posted as to what happened.

Q. I am speaking now of Exhibit No. 273, I do not care about the other.

*By Mr. Ewart:*

Q. Mr. Russell, I think the only material point in which your evidence differs from that of Col. Carnegie is in connection with the advances that you have told us about. Am I right in placing that conversation on the 11th of August?—A. The 11th August.

Q. At that time as you now know, a contract had been made with two United States companies for fuses?—A. Yes, I know that.

Q. And you now know that those contracts provided for advances?—A. Yes.

Q. Therefore you now know that Col. Carnegie was aware on the 11th August that contracts had been made for advances to these two companies?—A. Yes.

Q. Prior to the 11th August you had asked General Bertram for an introduction to the American Ammunition Co.?—A. Prior to the 11th August?

Q. Yes?—A. It may be, I thought it was subsequent.

Q. I will read to you a letter which you wrote on the 31st of July to the Shell Committee. It is to be found at page 155 of the record:—

“We thank you for your letter of the 27th instant giving us a great deal of information on the No. 100 fuse.

“We also appreciate very much your kindness in telegraphing us this morning that you have wired the American Ammunition Co. of New York to give us information relative to the manufacture of the fuse.”

That is correct?—A. Yes, evidently.

Q. Yes, that is correct, and I believe I am right in saying that you had availed yourself of that permission prior to the 11th August?—A. Not personally, by Mr. Burt, our mechanical man.

Q. But you had availed yourself—I did not mean you personally?—A. Yes.

Q. You had availed yourself of that introduction; you knew therefore on the 11th August that Col. Carnegie knew that in pursuance of that introduction, that your people and you through them had been in communication with the American Ammunition Co.?—A. He would know that.

Q. Yes, he would know that, and he might have thought that the American Ammunition Co. had told your representative something about—and there was no reason for concealment—the terms of that contract?—A. If he thought that he thought wrongly; Mr. Burt who went as our mechanical man discussed none of the business arrangements whatever.

Q. But Col. Carnegie would not be aware of what the nature of the communication had been between the American Ammunition Co. and your representative?—A. Oh, no, he would not know.

Q. For all he knew, you yourself or Mr. Harris had been down there?—A. He might have thought so.

Q. You do not suggest then that he would take the risk of saying to you what he would know to be a falsehood?—A. I think you heard me on that; I cannot add anything to it.

Q. You would not think that a man of Col. Carnegie's ability, not to speak of his honesty, would under those circumstances take the risk of stating a falsehood? I know you do not charge him with it, but you do not think he would take the risk of it? Speaking of other people, you would not think that would be reasonable under the circumstances?—A. I do not want to read any more into that than what has taken place.

Q. I will not press you, I think you have been very fair.

Mr. JOHNSTON: It is a matter of argument.

Mr. EWART: Yes, it is a matter of argument. If Mr. Russell were a different sort of witness I think I would press him.

The WITNESS: If you wish it I will tell you all I can.

Mr. EWART: It is because you have been so fair?—A. I am not unwilling to be pressed if you think I ought to try to go any further.

Q. Oh no, I think you are quite fair. Now, you have said that Colonel Carnegie told you that no advances had been made except in the matter of cartridge cases?—A. Cartridge case material I think.

Q. Yes. You had been talking about these cartridge cases had you?—A. Yes, we had, earlier.

Q. Earlier in the conversation?—A. No, not the same conversation.

Q. No?—A. Oh, no.

Q. Nothing said about cartridge cases?—A. Not in that interview.

Q. Before he mentioned the subject of cartridge cases in that connection?—A. No.

Q. You had been talking, I suppose, generally of the kind of work going on in Canada?—A. No, I do not think so. I think we had specifically held ourselves to the discussion of the terms of the contract. Part of the time General Mahan who was here was present; the rest of the time Colonel Carnegie was the only representative of the Shell Committee.

Q. In that connection, were you not discussing what arrangements had been made with other companies?—A. As to finances?

Q. As to anything?—A. No. Colonel Carnegie before I came down had prepared an agreement covering this 500,000 graze fuses. We were going over that,

[Thomas A. Russell.]

agreeing together on the terms and sticking strictly to the business in hand as far as I can recall.

Q. Did you know at that time that advances had been made?—A. No.

Q. With reference to cartridge cases?—A. Only from general talk, not from accurate knowledge.

Q. But you were aware that advances had been made on cartridge cases; you knew some of the instances in which there had been advances made?—A. No.

Q. You knew that these cartridge case contracts had been all in Canada, did you not?—A. No, I think I knew some of them had not.

Q. You think some of them had not?—A. Yes.

Q. Not at that time?—A. I think I am correct that on the 11th of August and prior to that, Colonel Carnegie told me of getting some from the Crosby Company of Buffalo.

Q. Not on the 11th of August?—A. Then he was trying to get them.

Q. There had been no advances—I think I may suggest this to you, or ask you whether there had been any advances to manufacturers in connection with cartridge cases outside of Canada?—A. I did not know of any.

Q. And I am informed that there were none. So when Colonel Carnegie was speaking of advances and making an exception in favour of cartridge cases, he would have in mind the advances in connection with cartridge case contracts in Canada?—A. That was his explanation to me in November.

Q. That was his explanation to you in November. Now, prior to November you made an application for the advances?—A. Yes, we made the one when the contract was being drafted, and then we made another later after we had learned that it had been granted to United States firms.

Q. Yes, but you made no sort of protest to Colonel Carnegie about this conversation until November?—A. Well, our protest was really the protest which has been filed here, in the letter to the Prime Minister.

Q. That is on the 2nd of October?—A. Yes.

Q. But I am right, I think, in saying that there was no protest to Colonel Carnegie; you did not take the matter up with him prior to the November conversation?—A. No, we never took it up except as to settling the thing.

Q. In November you had this conversation with him in which you both maintained your respective views of what had taken place in the conversation on the 11th of August?—A. Yes.

Q. But prior to that I understand you had no explanation with him?—A. None.

Q. Now, I wish to read to you your letter to General Bertram of the 21st of September, which will be found at page 571 of the record:—

Following the conversation Mr. Lloyd Harris and the writer had with you on Monday, we beg herewith to respectfully submit our request that we be granted an advance of 15 per cent of the value of the contract placed with us for number 100 graze fuse.

The amount of the contract is"—so and so, "and the amount of the deposit would therefore be"—so and so.

We understand that this was the arrangement made by you with manufacturers of fuses in the United States.

Then follows an immaterial clause. The reply to that was on the 27th of September, after your contract had been made?—A. Yes.

Q. "We are in receipt of your letter dated the 21st inst., in which you request that an advance be granted of 15 per cent of the value of the contract placed with you for number 100 graze fuse, and would respectfully point out that no provision for such an

advance was made in the contract, but the matter will be placed before our Committee at its next meeting." You remember that letter?—A. Yes.

Q. You made no reply to that letter?—A. No, the Committee acted on it subsequently.

Q. When Colonel Carnegie pointed out to you that there was no such provision for an advance made in the contract, why didn't you say to him then that the reason there was not was because he had told you that he had not made advances?—A. My recollection is that the interview took place with General Bertram with regard to the request which was made after learning of the United States advances, and frankly, we put that letter in, and we were just going to wait and see what happened.

Q. That is not quite an answer, is it?—A. May be not.

Q. Perhaps you did not understand. Colonel Carnegie points out to you—A. Is it Colonel Carnegie's letter?

Q. "Shell Committee, Alexander Bertram, Chairman." Dictated by Colonel Carnegie. What I wish to point out is that when you made the application for the advances Colonel Carnegie at once pointed out that no provision for such an advance was made in the contract?—A. Yes.

Q. Why didn't you at once reply to him or to General Bertram, giving the reason for that, "That you told us you were not making advances"?—A. As I recall it at that time we were carrying the impression which I described yesterday as to Colonel Carnegie's statement to us on the 11th. We then learned the situation in the United States; we advised him we knew it, put it in our letter and waited.

Sir WILLIAM MEREDITH: Why didn't you call his attention to the fact that he had misled you?—A. My recollection is that a conversation of that kind did take place between Mr. Harris and General Bertram, and that condition was stated to General Bertram. That is my recollection.

Q. Well, you would expect it in the letter there as soon as you found out that. You would have written about it?—A. That letter is the writing about it.

Q. But you do not say a word there.

Mr. EWART: Further, I think you are not correct in saying that the conversation was between Mr. Harris and General Bertram. Your letter of the 21st of September says, "Following the conversation Mr. Lloyd Harris and the writer had with you." You were both present?—A. Yes, but Mr. Harris discussed it with General Bertram on our behalf; I really was not the man who discussed it.

Q. Now, as far as you know, it is true that in that conversation spoken of in this letter of the 21st of September, that no reference was made to the subject discussed on the 11th of August?—A. Yes, I think it was discussed.

Q. I thought a moment ago you said, no.

Mr. GRANT: That is what he said a moment ago.

WITNESS: Discussed between Mr. Harris and General Bertram.

Mr. EWART: But not by you?—A. Not by me.

Sir WILLIAM MEREDITH: Do you mean in your presence?—A. My recollection is that I was present when Mr. Harris referred to it and simply said that Colonel Carnegie had told us when the contract was made that no advances had been made.

Mr. EWART: Have you a clear recollection of that?—A. No, not especially clear. Not as clear as some other interviews.

Q. Because, what you have led us to understand was that not until the November conversation had anything been said to Colonel Carnegie about it?—A. Not with Colonel Carnegie.

Q. Colonel Carnegie was at this interview?—A. I do not think so. My recollection is that it was only with General Bertram.

Q. With General Bertram?—A. Yes.

Q. Then, was General Bertram present at the conversation on the 11th of August?—A. No.

[Thomas A. Russell.]



Q. Then, how would you come to speak to him of something that he was not a party to and not familiar with? Why didn't you say it to Colonel Carnegie?—A. Whether rightly or wrongly, we felt so strongly at that time that Colonel Carnegie had misled us, that Mr. Harris was asking General Bertram about it.

Q. I am sorry to press you about this, especially as you have not a particularly good recollection; but can you tell us what General Bertram said when Mr. Harris told him that Colonel Carnegie had made this misstatement?—A. My recollection is that he did not see how Colonel Carnegie could have said it, and to put in our request.

Q. Was reference made to Colonel Carnegie to settle that point?—A. No.

Q. So that as far as you knew, neither you nor Mr. Harris had any conversation with Colonel Carnegie at that time?—A. I do not think so.

Q. Now, I come to it again, and ask you why, when this letter of the 27th of September was received by you, pointing out that there was no provision in the contract for advances, you having had from the Shell Committee a statement to that effect, why then didn't you bring it before Colonel Carnegie?—A. It was our judgment that we would not press the point.

Sir WILLIAM MEREDITH: What does that mean?—A. Simply that if they were going to refuse it to us, we accepted their decision.

Mr. EWART: If you were not going to press it with Col. Carnegie and not going to ask him for any explanation, why did you make complaints to Sir Robert Borden about it?—A. As I said yesterday, the two things happened in September, rightly or wrongly we did question the good faith of Col. Carnegie at that time in asking us to bid on time fuses and in having, as we understood it refused the advance, and told us the other people did not get it.

Q. Now, as a business man, Mr. Russell (it seems to me, a man of more than ordinary intelligence if you will allow me to say so) don't you think it would be reasonable before complaining to Sir Robert Borden that you should have asked Col. Carnegie for his explanation as to his statement?—A. Well, one's view of that having gone through the negotiations from May 6th to the date in September, might vary one way or the other; we did not do it.

Q. It strikes you now as something that would have been fair and reasonable to do, does it not?—A. That goes back of course to how strongly we considered that Col. Carnegie misled us on that on August 11th, which I have wanted to bury.

Q. But you do not think it likely that he intentionally stated a falsehood at that time; it may have been that there was a misunderstanding; now, what I ask you again is, don't you think it would have been fair as between man and man if you had asked Col. Carnegie whether he had any explanation to make before making the matter public this way?—A. Well, when Mr. Harris stated before this Commission those things and how he felt about it the Commissioner expressed the view that he should have gone to the public or asked him why he did not. It is just a difference in viewpoint.

Q. Your viewpoint was it would not have been reasonable to speak to Col. Carnegie before making complaint to Sir Robert Borden. Very well—

Hon. Mr. DUFF: You know, Mr. Russell has not said what you say he said. He said very clearly that the whole thing goes back to his state of feeling at that time, and it has to be judged from that point of view. The question of reasonableness and so on might perhaps be a difficult question to discuss in the circumstances.

Mr. EWART: You do not wish to discuss the reasonableness or unreasonableness of what you did?—A. If you want me to do it I am here at your service. I really have felt, sir, right through that having stated what I did yesterday in answer to Mr. Hellmuth's cross-examination that it did me no good, nor this Commission, nor Col. Carnegie to try to thresh over that old straw of August 11th.

Q. Very well, we won't press that any farther. One other point of complaint that you had was in connection with your omission from those firms to whom calls

for tenders were issued on the 10th September, as I understand it; did you ever ask Col. Carnegie or General Bertram for any explanation of that?—A. I do not know whether we did or not; I would not like to say.

Q. You do not recall now that you ever did?—A. No, we were not in Ottawa I think till we brought our tender in in answer to it; we wrote and got it.

Q. So that you make no inquiry from them for explanation before you send in the complaint to Sir Robert Borden. Now, Mr. Russell, I think I may say to you that the matter is capable of satisfactory explanation to you; if that can be explained to you would your complaint upon the other point have been sufficient to raise this feeling in you that you have expressed?—A. You mean the other point being the advance?

Q. Yes?—A. That was the main point.

Q. The omission was not so important?—A. That might be an accident.

Q. I do not think it was an accident, I think it can be explained. We will leave those two points. I understand that neither you nor Mr. Harris knew anything about fuses, that is the manufacture of fuses, prior to the 30th April?—A. No, nothing to speak of.

Q. And that you really knew nothing prior to the 6th May?—A. Next to nothing.

Q. Practically nothing, 6th May was the date of your conversation?—A. Of Mr. Harris's conversation.

Q. Yes, with the Committee. Then I understand from you that you have met with difficulties in the production of the graze fuses?—A. Yes.

Q. Difficulties that were not anticipated?—A. No, not that.

Q. They were anticipated?—A. Oh, yes.

Q. Then, although anticipated, not provided against?—A. Not all.

Q. And I understood from you that as many as 55,000 of them had been rejected?—A. No.

Q. What do you say?—A. Out of the first 55,000 a number had been rejected.

Q. How many?—A. About 35 to 40 per cent, not the whole of the fuses, some parts of them.

Q. I think I caught from you in your examination the statement that you have yet a lot to learn about fuses?—A. That is quite accurate.

Q. And I notice in the Exhibit which was put in, your offer of the 1st December, you spoke of the time fuse as a problem and spoke that this problem may be solved in some way; do you remember the expression?—A. Now, I do not; was it in a letter?

Q. In your offer of the 1st December, you would not be surprised if that word at all events was used?—A. No.

Q. And you have not tried the loading of the fuses?—A. No, sir.

Q. And that is very much the most difficult part of the making of the fuse?—A. I do not know that that is so, but it is most difficult to those of us whose experience has been in mechanical lines.

Q. We have a good deal of evidence here from experts that that is really the most difficult part of making time fuses?—A. They probably know more than I do about that.

Q. You would not undertake to contradict them about it?—A. No.

Q. I understand that when you first considered the subject of making fuses your idea was to co-operate with firms in the United States?—A. If we could make connections satisfactory to ourselves, yes.

Q. And you tried the Steinmetz-Fenn Co. first, the Artillery Fuse Co. at Wilmington?—A. Yes.

Q. You had a good deal of negotiation with them?—A. Not a great deal.

Q. That is relative?—A. Yes.

Q. You were there several times?—A. I was there once. Mr. Burt had been there twice before me; I think that probably is all.

[Thomas A. Russell.]

- Q. And you had a considerable negotiation with them?—A. All right.
- Q. Did they make you aware of the price at which they were tendering?—A. No.
- Q. You did not know that their offer was \$4.60 for time fuses, or \$2.50 for loading?—A. No, I don't think I did.
- Q. You have never heard of that till now?—A. I don't think I have.
- Q. At all events you could not make an arrangement with them, and you went to the Scovill Manufacturing Company?—A. Yes, I could make an arrangement with them.
- Q. But you did not?—A. I did not.
- Q. Then you went to the Scovill Manufacturing Company?—A. Yes.
- Q. I think I am right in saying you could not make an arrangement with them?—A. That is accurate.
- Q. So that on the 17th May, as I gather from your evidence, your policy changed?—A. Yes.
- Q. Down to then your idea was you would make the mechanical parts, and that one or other of these firms would do the loading?—A. Or co-operate with us.
- Q. In doing the loading. That was your policy down to that time, 17th May. Then when Scovill definitely told you that that could not be done as far as you were concerned your policy changed and became one of your doing the loading and getting the mechanical parts, or some of them, done elsewhere?—A. Some of them, yes.
- Q. And then you went to Toronto and met Mr. Harris there on the 21st May?—A. Yes.
- Q. He had come from Chicago?—A. Yes.
- Q. And you had come from the east?—A. From Ottawa.
- Q. And you met him there on the 21st May?—A. Yes.
- Q. Down to that time you had made no preparation of any kind in connection with loading?—A. That is correct, no final preparations for loading; we still had the tentative arrangement of the co-operation with Wilmington if he wished.
- Q. Yes, but so far as doing the work yourselves was concerned you had made no preparations?—A. No.
- Q. You had engaged no experts?—A. Not at that time, no outside experts, no, or no loading experts.
- Q. No loading experts at that time?—A. That is right.
- Q. Mr. Harris has told us—
- Mr. JOHNSTON: Mr. Lloyd Harris, because there are two Harris's.
- Mr. EWART: Yes, Mr. Lloyd Harris has told us that he had not run across any experts, that is real experts as he expressed it, in the United States, that the good experts were under option at very high prices; had you any idea what the prices were at which these real experts in the United States were being retained?—A. No.
- Q. We have one statement that one man's salary run up as high as \$50,000 a year; would you be surprised at that?—A. No.
- Q. A real loading expert, real time fuse expert, is a very valuable man, is he not?—A. I should think so.
- Q. On the 21st May your policy having changed to one which involved your establishing a loading plant of your own, you did make a tentative arrangement with Mr. Kirby?—A. Yes.
- Q. Mr. Kirby had been suggested to you by Col. Watts?—A. Yes.
- Q. Colonel Watts was a member of the Shell Committee, you knew that?—A. Yes, I knew that.
- Q. There was no evidence of any antagonism of the Shell Committee to your taking up the matter of time fuses in Toronto so far as Mr. Watts was concerned?—A. No, Colonel Watts was very friendly and anxious to see us apparently do it.

Hon. Mr. DUFF: It was Colonel Watts who suggested that he was surprised that the contract of the 19th June did not provide for manufacturing in Canada.

Mr. EWART: Yes, he wanted it.

Hon. Mr. DUFF: He certainly was not adverse?—A. No.

Mr. EWART: I read two questions and answers from Mr. Lloyd's Harris' evidence, page 598:—

Q. Did Mr. Kirby communicate with you personally?—A. No.

Q. Who did?—A. Mr. George Watts of the Canadian General Electric Company told me about Mr. Kirby, and suggested that I should get in touch with him.

That is quite correct?—A. Quite correct.

Q. All you know about Kirby's experience is what you have gathered from himself?—A. No.

Q. What other information had you about Kirby?—A. From Colonel Watts.

Q. That would not be with reference to loading the fuses?—A. It was also with regard to loading.

Mr. NESBITT: What Kirby told him?—A. What Kirby had told him and what they had investigated about him. Colonel Watts told me that he was satisfied that the Canadian General Electric with which he was indentified should go into the fuse making, and that he was disappointed that the president of the company, Colonel Nicholls, had not done so.

Mr. EWART: All that Colonel Watts knew about Kirby's capacity with reference to loading came from Kirby himself?—A. Yes, except it was not all word of mouth; he had letters of recommendation, and he had considerable information which he had brought with him from England relative—

Q. I suppose Kirby told you everything he could tell you in his own favour?—A. Yes, except this: he is an Englishman and he impressed one as not over-stating himself at any time; he may have done it, but he did not impress that way.

Q. Naturally you would ask him anything you could ask him in order to ascertain what his capability was?—A. Yes.

Q. You were putting a great deal of confidence in him?—A. Of course that is accurate. Well, we had nobody else under arrangement at that time with regard to loading, we felt satisfied that a man of Kirby's experience, reinforced by men of good organizing manufacturing experience did not leave us altogether helpless; that was our judgment.

Q. Kirby had been with the General Electric as you say?—A. Yes.

Q. Mr. Fred Nicholls was the president of that company?—A. Yes.

Q. I call your attention to a letter of Colonel Nicholls of the 15th February—Kirby was then in his employ was he not?—A. Yes.

Q. I preface by saying that Colonel Carnegie and General Bertram had been endeavouring to get the General Electric to take up the fuse matter?—A. Yes.

Q. Now I read this letter which is really a reply of Fred Nicholls to that request (pages 40 and 41):—

“ Re fuses

I have gone into this matter very thoroughly with our people and have come to the conclusion that I would not care for our company to take the responsibility of commencing the manufacture of fuses with the insufficient information that is available to us at the present time. In fact I consider it would be necessary for one or more of our operatives to visit some works in Great Britain where these are being actually produced in order to get a thorough grasp of the methods of manufacture.”

[Thomas A. Russell.]

You observed that Colonel Nicholls did not think that he had in his employ any one who could undertake the work. Now, I call your attention to the answer of Colonel Carnegie to that letter at page 43:—

“Thank you for your letter of the 15th inst. I regret to learn that you do not consider it advisable to undertake the manufacture of fuses or small arms ammunition under the present conditions. I quite agree that it would be advisable to have either an expert fuse maker from England or that one or two of your operators should visit that country and go into the manufacture very thoroughly before commencing manufacture on a large scale.”

Are you aware that Colonel Carnegie prior to that time had interviewed Mr. Kirby and ascertained from him what his qualifications were?—A. I knew that, yes.

Q. Then I call your attention to Mr. Nicholls reply to that letter, page 43 and 44:—

“I have yours of the 20th inst. *re* manufacturing of fuses, and note that both yourself and the Minister of Militia are anxious that we should start manufacturing them at Peterboro. It is of course true that we have excellent facilities there, as I think you saw, our old lamp factory, which could be devoted to that purpose; but at the same time I am absolutely of the opinion that it would be unfair to my company to commence the manufacture unless we had a definite understanding as to how we were to absorb our cost.—It would be necessary for one of our engineers to visit Great Britain for the purpose of investigating the manufacture not only in the arsenals but also in the plants of some of the private corporations, and would probably have to hire one or two or three men expert in the manufacture and bring them over here.

Mr. Nicholls is a man of very considerable capacity?—A. Yes, indeed.

Q. He was President of, am I right in saying, an establishment of equal facilities at all events to yours?—A. Greater.

Q. Very much greater facilities than yours. He really was in a better position than you would be to commence the manufacturing of these fuses?—A. I would think so.

Q. Now then, when that fell through—?—A. Might I point out that our Assistant General Manager was at that time in England, and was available to do the very thing that Colonel Nicholls suggested, that is, go through the fuse plants there, the arsenals there, and reinforce with direct information from here.

Q. That is Mr. Burt?—A. Yes.

Q. And you know that the only time at his disposal was a period of two or three days?—A. No indeed, I did not know that; I knew if it was necessary for weeks he could do it.

Q. In your request for assistance to get Mr. Burt into the arsenal did not you suggest that he was coming back in the next week?—A. Yes, but his coming back was just because if there was nothing for him to do there was nothing to have prevented his staying a week or two weeks or a month.

Q. And in the conversation that took place in pursuance of that letter was not Mr. Carnegie's statement that there would be no use in Burt going into the arsenal for two or three days?—A. No; his unwillingness to do it was not based on the two or three day basis; it was as I recall it, it may be inaccurate, that it could not be arranged, he did not think it could be arranged.

Q. Mr. Harris has told us in two places in his evidence that what Col. Carnegie said to him was that there was no use in Burt going into the establishment for a period of two or three days, and Mr. Harris did not suggest that there was any such reply as you now have thought of that Burt might have remained a further period of time?—A. I do not wish to put anything into the conversation which did not take

place, and I do not think the suggestion was made of a longer time, but it was due to the way in which Col. Carnegie answered it, as I recall, as to the inability to get in at all.

Q. Page 577 is one of the places I have referred to:—"Q. Is that right, is that the effect of the conversation, you asked him to cable so as to get this man through the arsenal, and he said it was not possible"? That is to get it done by cable, do you see?—A. That was not the inference I had, to do it by cable that it was not possible, but just it could not be done.

Q. The answer is: "He went further than that. He said it would be useless for our man to visit the Woolwich Arsenal for a visit of a day or two." That was Mr. Harris's reply; and Mr. Harris made no suggestion in answer to that as far as he tells us that Mr. Burt could remain longer than the period indicated in the letter?—A. As I say, I do not recall our suggesting a longer period; had it appeared possible to get him in there was nothing to prevent him remaining a longer period.

Q. After Mr. Nicholls refused to go into the time fuse business in Canada Mr. White proposed to form a junction with Mr. Kirby and take the matter up, you were aware of that?—A. I don't think I was at the time.

Q. You are aware of it now?—A. Yes.

Q. Mr. White on the 8th March wrote a letter to the Shell Committee at page 445, in which he tells us something about Mr. Kirby, and I suppose he would tell us as much in favour of Mr. Kirby as he possibly could. After saying, "We could produce the fuses successfully," he says: "Mr. A Kirby, foreman of our tool department, has some 20 years practical experience in the manufacture of ammunition for the British War Office and was for five years foreman of the Fuse Department of Messrs. Vickers Sons & Maxim. He designed for them the tools, jigs, and fixtures for the production of these particular fuses and has in his possession drawings and particulars of machines and tools necessary for all the operations." I call your attention to the statement there that he was foreman of the Fuse Department; you did not understand he was an expert in the Fuse Department?—A. Yes, I did.

Q. So far as foreman's work is concerned?—A. Oh no, I don't think there is any distinction there; I think a man to be foreman of a fuse department, either loading or making of parts, has got to be an expert on them.

Q. That he has to be the expert?—A. An expert.

Q. You think there is no expert who directs the foreman?—A. Yes.

Q. What would the salary of a foreman be?—A. In England?

Q. Yes?—A. I do not know, I never asked him that.

Q. What are you paying Kirby now?

Mr. JOHNSTON: That is hardly a fair question.

Mr. EWART: I think it is when we are getting at what Kirby's capacity is.

Hon. Mr. DUFF: Kirby is not now engaged in loading. He is engaged in instructing these people with regard to parts. I suppose the Canadian manufacturers have to submit to be pressed on that, but that sort of question was not pressed against Cadwell.

Mr. EWART: He has not made any objection to telling us what profits he is making on his fuses; I suppose what salary he paid to any of his men is not a secret; I suppose there are many in Toronto who know it.

Hon. Mr. DUFF: I do not suppose he objects?—A. I do not object. He told me he had an offer to go to the United States for \$4,000 a year but he would not go, and when he did not do the loading he was so anxious to be in the fuse work, he is working for us I think it is for \$200 a month, it might be \$3,000 a year, \$250 a month, I don't know.

Mr. EWART: Q. He would rather work for you at \$200 a month than accept this offer of \$4,000 a year?—A. To go to the United States.

[Thomas A. Russell.]

Q. That helps us to understand something that Mr. Carvell could not understand a little while ago, why experts from the United States do not want to come to Canada.

Mr. CARVELL: Did I make any such statement as that?

Mr. EWART: I said you could not understand that.

Mr. CARVELL: My information was they were ready to come, and signed to come.

Mr. EWART: I read this from Mr. White's letter, and ask you if it would tend to impress Colonel Carnegie with Mr. Kirby's capacity in connection with loading: "We could likely find a shop ready to hand with nearly everything but power and machinery, and that would enable us to get going quickly. We figure that we could be able to begin shipment of fuses in about three months after obtaining all necessary information and details." Now, our information is that you cannot find a shop ready to load time fuses merely without the power and machinery, that it is a very specially designed shop; is that your idea of it?—A. The shop itself, the building for loading, is not a difficult building to have, no.

Q. Is it a building you can find handily?—A. Buildings are a peculiar commodity; we had one that happened to be available in a good location rather removed that could be used for loading.

Q. Without any change?—A. Not without any change; it could with minor changes.

Q. With very considerable changes?—A. But outside of that building I do not know any others around Toronto; there may be.

Q. We have been told that a building for loading time fuse is very very specially constructed, constructed in compartments really?—A. Yes; that is only a matter of putting partitions in.

Q. And with certain light?—A. Yes, a one-story building, and in an isolated part of the town.

Q. Would this tend to give you confidence in the writer's knowledge of the loading of time fuses?—A. I found that Kirby had that impression of doing it in three months. What he had not reckoned on—in normal times it would have been possible to do that—what he had not reckoned on was the changed conditions of war times, and I considered he was altogether too optimistic in his estimate of that under war conditions.

Q. That is, his experience was not equal to forming a judgment, did not give him the capacity to form as good a judgment as you had without experience?—A. I do not know what exactly you wish to make out of this, but his position was not so good as mine to judge what could be done in Canada, I think, under war conditions, in getting machinery, but as to loading and that thing, of course, no comparison.

Q. You knew there was great difficulty in getting machinery?—A. Yes, I did.

Q. And I suppose Kirby would know that, too?—A. Well, he had not probably had the same practical experience in it.

Q. In getting machinery?—A. Not in Canada.

Q. He thought you could find a shop all ready with the exception of the power and the machinery?—A. The power and machinery—oh, well, that is not—

Q. Excuse me, you know he could not have found such a shop at that time?—A. No, I do not know that.

Q. A shop all ready except power and machinery?—A. Not all ready.

Sir WILLIAM MEREDITH: I thought you said a moment ago there was no location you knew of in Toronto except your own?—A. It was not ours, it was a plant in the vicinity of Toronto, which we had at times options on to use.

Mr. EWART: Do you think he could have been ready to ship fuses in three months?—A. No, he could not have been.

Q. That would have been impossible?—A. I would say so.

Q. A man of any experience would not make such a statement, would he?—A. He could not under those conditions.

Q. Mr. Carnegie had to judge of Kirby's capacity on each one of the items before?—A. Yes, but I would never consider Kirby a man with executive experience to consider when he could get a plant together and what he could buy it for, and those business ends at all, and I would never rely on him for that.

Hon. Mr. DUFF: You know Mr. Lyon Brown told us that he considered anybody who supposed this contract with the International Arms and Fuse Company and the contract with the American Ammunition Company could be carried out according to their terms must have been a person of exceedingly poor judgment. There is a good deal of difference of opinion about that sort of thing.

Mr. EWART: Yes.

Q. I am going to put this to you and ask you if this will surprise you. Supposing we have a cable giving information of Mr. Kirby to this effect: "James Kirby worked at Vickers, Birmingham, for 9 months, as a general hand, mixing varnish; for one month before leaving was employed in loading rings; was slow, but otherwise satisfactory. Left voluntarily April last year."—A. That cannot be right.

Q. I do not think I can be a party to pressing you any further than that; I think that must be another man?—A. Yes.

Q. I do not think his name is James Kirby?—A. I don't think his name is James.

Mr. GRANT: It cannot be the same man?—A. If that means April of last year, that could not be him, because Carnegie had seen him prior to April of last year; I do not think it can be the same man.

Q. I must apologise; the extract was handed to me since I rose.—A. Mr. Kirby's name is Arthur.

Hon. Mr. DUFF: I am not clear that I quite understand your evidence with regard to the possibility of getting a shop; I rather gathered from what you said was that your notion would be that a shop might have been got that would have been sufficient with minor changes?—A. Yes.

Q. Do you mean to say that?—A. There are two shops required, one for making parts and the other for doing the loading.

Hon. Mr. DUFF: Speaking of the loading?—A. Now, with regard to the loading we had two plans which never were definitely settled which we would do. I paid \$500 for an option on the Roman Stone plant, a one-story well lighted building on the outskirts of the Village of Weston, 400 feet long by 100 feet wide; that was one. Kirby was of the impression that we could probably more economically erect on the vacant land of our own property a building. We had not settled it. I had the option on one or I could build the other. The building was not the point; that is not the slow point.

Sir WILLIAM MEREDITH: Mr. Russell, what are you going to do with the 600 operatives when munitions are no longer required?—A. Well, of course, that, sir, is going to be one of our problems. We have so much on our hands on the fuse matter now that we really have not applied ourselves to that; but the problem that is going to face us and many other manufacturers in Canada is how to prevent unemployment, how to turn our machinery to make stuff we imported before. I am looking into a number of small articles which were previously imported from Germany and Austria, which we think we can adapt that high-class machinery to make.

Q. I happened to be speaking to a member of the Economic Commission last night, and any information you could give to that body would be appreciated by them.—A. That is going to be our problem. It is possible that we will have a million dollars' worth of machinery that we hope will soon be idle, and some employment for the machinery and the people working on it will have to be found.

Q. What proportion of the 600 that are women do you expect to employ without running on full capacity?—A. On the graze fuse we are at present running about 100 women out of 600 operatives.

[Thomas A. Russell.]



Q. But the proportion?—A. That proportion will increase perhaps to 200; but out of the 600 we expect to employ on the time fuse I think the figures will be reversed, 400 women and not over 200 men. We really expect to do practically all the work, except the bodies and the first operation on the time rings, by women.

Sir WILLIAM MEREDITH: Mr. Nesbitt.

*By Mr. Nesbitt:*

Q. In the graze fuse contract or in the time fuse contract, both unloaded, that you have, you have not used the Russell Motor Car plant at all, have you?—A. We started to use it on the graze fuse. Then we made an amalgamation of our motor business with the Willys-Overland Company, which called for the whole of that property being devoted for motor business, and we had to get property outside.

Q. You are not using it now?—A. We are not using it now.

Q. You rented the Ormsby Building?—A. Yes.

Q. What is being done in that building?—A. Graze fuse.

Q. And where are you doing the time?—A. Down in what was called the Gillette Building, at the corner of King and Duncan streets.

Q. Both of those would be more convenient than the Russell plant if female labour was employed?—A. It would not have made so much difference on the graze fuse, it would for the time fuse.

Q. You are much nearer the female labour market?—A. Yes.

Q. The other is about six miles from the centre of Toronto?—A. About six miles from the centre.

Q. Would Kirby be called your leading foreman or most important foreman?—A. No.

Q. Because the wage you spoke of surprised me tremendously in its smallness.—A. He was very modest at any time.

Q. I mean to say that I thought a skilled foreman in any of those munition matters requiring expert knowledge and delicate handling would command from \$5,000 to \$10,000 a year.—A. He had a very peculiar view in regard to that. He stated what he was getting and said he wanted to do his bit here. He took a very fine stand on it.

Q. You agree that the wages he is getting would be about one-third of what he would be getting if on the same scale as others?—A. Not on the mechanical side, not unless he was capable of being superintendent of the whole plant.

Q. As to Kirby you would not suggest a comparison at all with men such as we have had spoken of here, men like Major Hawkins, who was a witness, and Colonel Birnie, the Ordnance Expert, or Colonel Carnegie for instance?—A. Not at all, so far as any large executive position is concerned, but I really felt, Mr. Nesbitt, that I rather would have depended on Kirby with his actual knowledge of loading the 80 fuse than I would have on any expert in the United States with broader experience loading another fuse. That was the confidence I had in him.

Q. I rather gathered that the blending, coupled with the proper humidity and the proper pressure and so on was a thing that required a great deal of, shall I call it, book learning that an ordinary foreman would be hopelessly out of in dealing with?—A. That is so while you are developing, but once you have learned it then it is not.

Q. You think not?—A. I would not think so. Of course, you understand I am not an expert.

Q. Apparently the American Ammunition Company have had experts, they had the foreman of the Frankfort Arsenal for many years. I understand, as the practical man, and they seem to be still struggling with those difficulties.—A. Of course, I may be wrong, but what I mean about that is that the man in Frankfort had experience with the 85 fuse and the powder requirements of the American Army. What he had to meet when he took this contract here was the 80 fuse and the powder requirements of the British Army. I think there is some difference, but I am not very well up on that.

Q. Had Kirby the slightest experience, as far as you know, in blending American powder?—A. No, in blending English.

Q. These fuses were to be loaded, were they not, with American powder? You could not get English powder?—A. That is correct; but I mean it is the English blend that has to result.

Q. But it is the blending of the different powders?—A. Yes.

Q. That makes an entirely different proposition, does it not?—A. I would not expect so.

Q. And that is where book learning, to use my expression again, would come in?—A. It might.

Q. That had not occurred to you, Mr. Russell?—A. Yes; and that was the reason I retained Professor Bain of the University of Toronto. He was a man of book-learning, but no practical experience.

Q. Not book-learning in the sense I have been using the expression, in the sense of an ordnance expert?—A. No; but he had made a study of explosives and had written papers on them, and knew something about them, that is all.

Q. I see at the foot of page 45, "The War Office is prepared to consider your offer for No. 80 fuses, but would like to know your opinion as to the likelihood of the company being able to secure suitable powder for time rings and otherwise meet the conditions of specification," and your understanding was, I gather from you, that English powder was not obtainable here?—A. Yes, I gathered that.

Q. You had to get American?—A. And Professor Bain was investigating the possibility of getting the chlorate of potash and the other chemicals.

Q. It is the fact, so far as you know, that no graze fuses have been loaded in Canada up to date?—A. I know they have not been.

Q. And no time fuses certainly have been?—A. None.

Q. And as to what would happen when the Munition Committee's works begin their experiment I think is all in the lap of the future.

Hon. Mr. DUFF: You will probably know that next week, Mr. Nesbitt.

Mr. NESBITT: Perhaps. I have heard prophecies of next week which ran into the next month and then into the next month again.

Sir WILLIAM MEREDITH: We have been experiencing some of them.

Mr. NESBITT: No, I think you are going to get a pleasant surprise, if I am any judge.

Hon. Mr. DUFF: We are waiting patiently for it this morning.

Mr. HELLMUTH: It is a long time coming.

Mr. NESBITT: The rejections that you have spoken of in England are in your graze fuses?—A. Yes.

Q. And that was from the mechanical parts not functioning?—A. No, they all functioned properly.

A. Then what was the difficulty?—A. They claimed that the adapter was too loose in the body. I don't know what damage it could do. I would have expected that the only damage it would do would be if it was possible for the threads to strip.

Q. You spoke of two other matters as well.—A. Yes. The other was the outside diameter of the body thread, and the protrusion of the graze pellet into the percussion pellet.

Q. And those difficulties you are endeavouring to overcome?—A. They are overcome.

Hon. Mr. DUFF: But this applied to only a very limited number of your fuses, did it not?—A. Yes.

Q. How many?—A. On the first 55,000, the first shipment.

Mr. NESBITT: Have the others passed inspection?—A. I don't know; but when the cable came out the inspectors here changed their limits, you see.

[Thomas A. Russell.]

Q. I was going to say, in answer to Mr. Justice Duff's suggestion, that if it was a question of the gauge or the thread being too large it must have applied to all.—A. It applied to all until they changed.

Q. You do not know what the fate of the others has been?—A. No.

Q. That is all I think, Mr. Russell, thank you.

Sir WILLIAM MEREDITH: Mr. Atwater.

*By Mr. Atwater:*

Q. Mr. Russell, speaking of the International people, I think you got some assistance from them, did you not?—A. Well, I mentioned yesterday that in order to check our small parts we had ordered a few small parts from the Keystone Watch Case Company, and that Mr. Patterson of the International had been good enough to allow the Canadian Inspectors there to use their gauges in passing them.

Q. Is that all the assistance you got from them?—A. That is all I recall. If you have anything in mind it may refresh me.

Q. Are you familiar with the manual for inspectors prepared by Major Hawkins? A. No. I saw it in the Imperial Munitions Board.

Q. You are not using it?—A. No. I asked for a copy of it but I never got it.

Q. I thought you were using it?—A. Mr. Atwater, if so somebody got it without my knowing it.

Q. I do not suggest you did. I thought you were using it.

Hon. Mr. DUFF: Mr. Atwater will be glad to give you one I think.

The WITNESS: Would you mind giving me one? I would be very glad to receive it.

Mr. ATWATER: I am not authorized to do that.

Sir WILLIAM MEREDITH: Next witness, Mr. Hellmuth.

The WITNESS: There are two matters I would like to mention, if I might.

Mr. HELLMUTH: Certainly.

The WITNESS: One that I feel that is not quite fair to our company. I do not want to enlarge upon it, but Colonel Carnegie in his evidence at the bottom of page 302 said there was no time element in the Russell Motor Car Company's contract. That is not quite fair to us.

Mr. NESBITT: In what?—A. No time element in the Russell Motor Car Company's contract.

Sir WILLIAM MEREDITH: What contract?—A. Graze fuses. Contract time of delivery, and that time was not important. That is not quite fair to us. Our contract called for delivery in four months after signature. The contract with the other people called for delivery in five months. I just feel that that is not quite a fair statement.

Mr. HELLMUTH: What page is that?—A. The bottom of page 302.

Mr. NESBITT: What he meant was that the element of time was not pressing him at that time in the same way, if he got those fuses, as I understood him, from the other people.

Mr. EWART: You will find if you follow on he says, "There was no special time element in the Russell Motor Car Company contract, because that was an order for 500,000 that the Committee decided to place off its own bat, without instructions from the War Office, from surpluses that we considered we had, and that we could place the order just as we thought fit." He does not mean that there is no time.

The WITNESS: It means that I think. It means what it says. It is not quite just fair to us, because you saw the letter afterwards that was read here that the contract was going to be cancelled if we did not deliver within the time.

Hon. Mr. DUFF: To be perfectly fair with Colonel Carnegie, what he had in mind was that in regard to the fuses being ordered to carry out the five million shell order the Committee was pressed by a limit imposed by the five million contract itself,

and that time limit had no reference to your contract. That is what he is dealing with.

The WITNESS: I am not making any point against Colonel Carnegie, I am calling attention to it in fairness to my own company.

Mr. NESBITT: I am afraid Mr. Russell is a good deal like the small boy who wanted the boat stopped because he had lost half his apple overboard.

The WITNESS: Our factory is open to the Committee for inspection. If the Committee want to see the various stages of manufacture an invitation is extended to them. The only other thing I wish to refer to is a personal statement made by the Minister of Militia, but I am sorry he has gone out.

Mr. HELLMUTH: He is here.

The WITNESS: General Hughes made a statement with regard to me in evidence which I am sure he does not wish to do me an injustice by making. The statement was printed in the papers, that had he known it was me speaking on the telephone he would have rung off, because he had learned that I got 25 per cent commission on motor trucks and gave the Government the benefit of 10 per cent. Now, that matter was all gone over carefully before Judge Davidson's Commission, and I am quite agreeable to abide by whatever decision Judge Davidson arrives at from the facts. But the statement that Russell got 25 per cent commission and turned over 10 per cent is not quite fair to me. I never got any commission on any of the business which has been done. The question has been raised as to the propriety of my placing orders for two makes of trucks and some things like that with my own company. Perhaps I was wrong in that, perhaps I should not have done it. I acted fast, I got the trucks delivered quickly and made some mistakes I expect in it, but I am sure General Hughes does not want to convey the impression that I personally was getting a commission.

Mr. EWART: I omitted one subject, the question of pressure. May I resume upon that point?

Sir WILLIAM MEREDITH: Yes.

*By Mr. Ewart:*

Q. I want just to ask you one question. I read the two questions and answers from Mr. Harris' evidence and ask you if you concur in the answers which Mr. Harris gave. I will read the two together and will ask you to reserve your answer yes or no. This is at page 60<sup>h</sup>. Mr. Harris was asked:

Well, don't you think, Mr. Harris, that the fact that this ammunition was badly needed for war purposes in the present war, the fact that these fuses were an essential part of the fixed rounds of ammunition, and the fact that these two American companies represented that their options were about expiring and that the price of material would raise, implying also an increase in the quotation for the manufacture of fuses, that all those facts together would exercise some pressure upon the Committee?

Mr. Harris' answer was: "They may have thought so."

The next question is this:—

And possibly this is what they intended to convey by the statement?

Mr. Harris' answer was: "It may be. That may have been their meaning."

Do you concur in that?—A. I concur to the extent that had they said, "we have let four million of the fuses and you will have to wait another week for us to decide whether you are going to get an extra million." They would be absolutely justified in that. I never thought it was really necessary for them to place the whole five million at that time. Had I been acting on it I would have said to one company, "You take two million and we may increase it to two and a half million," and to the other company—

[Thomas A. Russell.]

Q. Do I understand that you dissent from this?—A. I am stating my view.

Q. But do I understand that when Mr. Harris says that may have been their meaning?—A. It may have been their meaning?

Q. That is what I am asking.—A. Yes. I do not want to read a meaning into another man's answer.

Mr. Harris' answer was: "It may be. That may have been their meaning."

Hon. Mr. DUFF: Was that the impression conveyed at that time?—A. I think I stated three things.

Q. You have not any desire to add to them?—A. No.

*By Mr. Carvell:*

Q. I would like to be allowed to ask this witness just one question. I want to refer to a statement made by General Hughes on page 1228: "I employed Russell in the early part of the War to select motor lorries for me—"

Mr. NESBITT: He has spoken about that.

Mr. CARVELL: No, just a moment.

I thought he could do it more expeditiously, and I was surprised at an investigation by the Public Accounts Committee, in which Mr. Carvell took an active part for a time and then dropped it, to find that Russell had been charged with getting some of those trucks at 25 off and getting them at 10 off.

It is true that you were before the Public Accounts Committee, is it?—A. Yes.

Q. And I was there also in my capacity as a member?—A. I remember.

Q. Did you feel that I had dropped the investigation in order to make it any too easy for you?—A. No, it didn't occur to me.

Sir WILLIAM MEREDITH: Who is your next witness, Mr. Hellmuth?

Mr. HELLMUTH: General Smith.

Major General HENRY SMITH, sworn.

Mr. HELLMUTH: Messieurs Commissioners, I assumed that my friends here had notified Mr. Sise and Mr. Hatheway to be present to-day. Now it appears from what they say that they thought Mr. Ritchie had done so.

Sir WILLIAM MEREDITH: Mr. Ritchie is away just now.

Mr. HELLMUTH: Yes. They are witnesses that it was suggested, and quite properly suggested, by my learned friend, Mr. Johnston, should be called.

Hon. Mr. DUFF: I think I suggested Mr. Hatheway simply as an official.

Mr. HELLMUTH: But when you spoke about it Mr. Johnston had already said, I recollect that quite distinctly, that he proposed to call the Northern Electric Manager, Mr. Sise, and he also proposed to call Mr. Hatheway and Mr. Ohmer that we have heard of, and then your lordship spoke about Mr. Hatheway being the Government man. That is how it came in. If anybody else can get them I would be very glad, but I had taken no further steps as I assumed that others were moving in the matter.

Hon. Mr. DUFF: The more convenient way would be to do it as suggested, through Mr. Flavelle, or through the Imperial Munitions Board, who would be more conversant with their convenience.

Mr. HELLMUTH: Perhaps Mr. Orde will take it up with Mr. Flavelle and see if they can be here to-morrow morning.

Mr. MARKEY: For the information of the Commissioners I might say that Mr. Paul F. Sise, who wrote these letters, is now at the front, and he will not be available.

His brother, Mr. E. S. Sise, is now connected with the munition work, and I thought there might possibly be confusion in calling him instead of Mr. Paul F. Sise.

Hon. Mr. DUFF: He is now President of the British American Munitions Company, is he not, and Mr. Hathaway, Manager?

Mr. MARKEY: Yes. It is Mr. E. S. Sise, the brother, not Mr. Paul F. Sise.

Mr. HELLMUTH: Did Mr. E. S. Sise know anything of the matter at the time, because I do not want to call anybody here who does not know about it.

Sir WILLIAM MEREDITH: Had you not better find out in the meantime?

Mr. NESBITT: If those witnesses are here there is no reason why we should not finish by Friday night.

Mr. HELLMUTH: Utterly impossible.

Mr. JOHNSTON: I desire to make a statement, sir. Mr. Ryckman's name has been mentioned. Mr. Ryckman was present at one of these interviews. He has been seen and asked to come. If the Commissioners say that he ought to be here in view of the evidence that has been given, he will be here. But the unfortunate part of it is that Mr. Ryckman lost his father a week or two ago, and within a very short space of time he received word of his son being killed at the front. He is very much broken up, but if it is absolutely necessary he will come. He would rather not under the circumstances. So far as I am concerned I am quite willing to forego Mr. Ryckman's attendance.

Hon. Mr. DUFF: It is only a collateral matter anyway, is it not?—It is only on that question of the representation about the advances?

Mr. GRANT: That is the only point.

Hon. Mr. DUFF: It does not go to the root of anything.

Mr. HELLMUTH: I should think the attendance of Mr. Ryckman under those circumstances might be dispensed with.

Mr. JOHNSTON: Yes. I do not want it to be inferred that he is refusing to come here, but those are the facts.

Mr. HELLMUTH: Before examining General Smith, I would like to mention that I spoke to Mr. Carvell in reference to a statement I had made that I proposed to call Mr. Kyte. I think the purpose for which I would call Mr. Kyte was quite obvious, to have any information or light that he could throw upon any of these questions brought before the commission. I understand from Mr. Carvell that Mr. Kyte has no information first hand, if I may so call it, that he could give, nor will he be able to put us on the track of anybody who could give any more information than we have received from the witnesses that have already been examined or who are yet to be examined or who may be suggested by Mr. Carvell himself. Under the circumstances, unless the commissioners think it should be done, I do not feel called upon to ask Mr. Kyte to be present here. Whatever the Kyte charges are, Mr. Kyte must stand upon the records in Hansard and the records of this commission, and to have him say anything in regard to them, I submit, would not be proper or fitting, and as he is not in a position to give any evidence of value to the commission, taking what Mr. Carvell has said, I should not think of obliging him to come here merely to put him in the box to have him make that statement.

Mr. JOHNSTON: I agree with that.

Mr. CARVELL: Mr. Hellmuth has stated the matter perfectly fairly and correctly. I can assure this commission that Mr. Kyte can throw no further light upon the question than has already been thrown upon it; that is, he has no personal knowledge of the matter that would be of any assistance. Of course, on the other hand, if the commission or if any of the counsel wish Mr. Kyte brought here for the purpose of being examined Mr. Kyte will come, although at this particular time it would be at

[Major General Henry Smith.]

great personal inconvenience. But I am very glad Mr. Hellmuth has brought the matter up, and I would like to have it decided so that Mr. Kyte will know exactly what to do.

Sir WILLIAM MEREDITH: Has anybody else got any views?

Mr. EWART: We do not desire Mr. Kyte's presence. At the same time I think it proper to say this. We shall have some observations to make with reference to Mr. Kyte's charges or speech in the House of Commons, and we wish it to be understood that we are not debarred from any criticism by being afterwards told that we might have got Mr. Kyte here and given him an opportunity of explaining.

Hon. Mr. DUFF: Explaining what?

Mr. EWART: Explaining what he said in the House of Commons.

Hon. Mr. DUFF: Do you think he would be allowed to do that here?

Mr. EWART: I might ask to be at liberty to question him.

Hon. Mr. DUFF: I think I should very strongly object to Mr. Kyte or any other member of Parliament being asked to explain in the witness box his action as a member of Parliament in making a speech in the House of Commons.

Mr. EWART: We might be at liberty to ask him what information he had at the time

Hon. Mr. DUFF: I think I should very strongly object to that.

Mr. EWART: Well, I have said everything I desire to say at the present moment. I desire to protect myself with reference to observations I may have to submit.

Hon. Mr. DUFF: Some questions were put to General Hughes, and when I suggested to Mr. Johnston that he was on a line of examination that might be open to objection, the General very pointedly objected to the objection being taken.

Mr. JOHNSTON: Yes. I was prepared to drop the question.

Hon. Mr. DUFF: Understand me, Mr. Ewart, I quite appreciate your point. It really has not any bearing on what you are saying. My own point of view is that a very grave question of public policy would be involved, whether you can take a member of the highest court in the country, put him in the witness box and under oath compel him to explain his action as a member of that court. It is a very serious question, I think.

Mr. EWART: I understand.

Mr. CARVELL: Messieurs Commissioners, I certainly can have no objections whatever to my learned friend commenting upon any statement Mr. Kyte made in Parliament. That is perfectly fair. I do not think, however, that he should comment upon Mr. Kyte's absence, and I think we should have a decision as to that.

Sir WILLIAM MEREDITH: I do not think that was suggested. Mr. Ewart wants to attack, if I understand him, what Mr. Kyte said in the House of Commons.

Mr. CARVELL: That is fair. I have no objection whatever.

Mr. EWART: And Mr. Carvell too.

Sir WILLIAM MEREDITH: Well, he is here.

Mr. CARVELL: I will welcome that, you know. But I just want it understood that there will be no reflections on Mr. Kyte's absence.

Mr. EWART: None at all.

Mr. CARVELL: Because it is well known that when Mr. Kyte found he had to go home he gave notice to Mr. Hellmuth and he held himself in readiness here for two or three days in case Mr. Hellmuth wished to call him.

Mr. HELLMUTH: I only meant that Mr. Kyte not being here it would neither be any reflection upon counsel for the Government not having called him, nor would there be any charge against Mr. Kyte of having run away from this inquiry; that is all. As

to Mr. Kyte's conduct in making these charges, I never assumed for a moment that that would not be open to full criticism by any gentleman here just the same as if Mr. Kyte were present.

May I go on with the witness?

Sir WILLIAM MEREDITH: Yes.

*By Mr. Hellmuth:*

Q. General Smith, you are Judge Advocate General?—A. They say so.

Q. And have been for some considerable time?—A. Since the latter part of 1911.

Q. And I think you still occupy that position?—A. Yes.

Q. Now, do you remember being called upon to perform any legal military work about September, 1915, in connection with Shell Committee orders?—A. Yes, on the 23rd of September by direction of the Deputy Minister of Militia.

Q. That would be General Benson?—A. Oh, no; that is General Fiset.

Q. Yes.—A. By his direction I went to Montreal to meet the Shell Committee and advised them with regard to a contract which they contemplated entering into with the Government of the United Kingdom.

Q. That was on the 23rd of September?—A. That was on the 23rd of September, 1914.

Q. Your instructions coming from General Fiset?—A. Yes, General Fiset. I accompanied the Master General of Ordnance, now General Benson, to Montreal on that occasion.

Q. Yes.—A. When we went to Colonel, now General Bertram's office, we found there, from what I remember, Colonel Bertram, Mr. Cantley, Mr. Carnegie—that is, Mr. E. Carnegie—and I think Mr. Watts, I am not quite sure, and subsequently in the afternoon during the main conference Mr. David Carnegie, now Colonel David Carnegie, came in. I found they desired to have an agreement drafted between them and the Minister of Militia acting as agent for the Home Government.

Sir WILLIAM MEREDITH: Whom do you mean by "them"?—A. I mean the members of the Shell Committee.

Q. Did you mean the Shell Committee, or the persons who were there?—A. They were recognized at that time, I understand, sir, as a Shell Committee. They had been nominated by the Honourable the Minister at that time, although not formally put into orders as the Shell Committee. I went down to advise the Shell Committee and these members that I speak of—in fact General Benson I think was also of the Shell Committee, but he did not enter into the contract. However, they—when I say "they," the members there congregated of the Shell Committee, intimated to me that they wanted a contract framed between them and the Home Government acting through the Honourable the Minister.

Mr. HELLMUTH: Well, what did you say?—A. I objected to that. I objected to having it done as a committee. I thought it was incongruous; I thought it was incompatible with their position, and I thought it would not do for the minister to enter into a contract with his own committee. We had a great deal of argument. Of course, they had altogether the other view. Finally Colonel Bertram said, "Well, we have gone into this matter, we have made our calculations, and Cantley, Carnegie, Watts and I, are prepared to enter into this agreement as private individuals, as manufacturers. We are prepared to take all the risk, make our arrangements with sub-contractors, and we will arrange for the assembling of the parts, and so on, and the shipping and all that sort of thing."

Q. That is after you had pointed out the difficulties you saw?—A. What to me appeared would not be strictly correct. Of course, I do not want you to understand now that I was there in an arbitrary way, or that I spoke in an arbitrary way. I was there merely to carry out the wishes of the parties, but I wanted to point out what

[Major General Henry Smith.]



I conceived to be the proper way was the way in which it was finally done. However, I made a draft of an agreement between those four parties, Bertram, Cantley, E. Carnegie and Watts, with the minister, who was acting for the Secretary of State for War for the Home Government. I made a rough draft and that was left with Colonel Bertram to have it typed and so on. There had to be something added to it, specifications and things of that kind to make it complete. I expected to see it again. I did see it again. I think it was on the 3th of September that Colonel, now General Bertram, came up to Ottawa with this document, and at the instance again I think of the Deputy Minister he and I went and saw Mr. Newcombe.

Q. That is the Deputy Minister of Justice?—A. The Deputy Minister of Justice; with a view to his looking over the matter and advising. After talking with him about the matter, I do not remember all that was said about it of course, but he concurred in my view evidently, and a few alterations he suggested might be put into it.

Hon. Mr. DUFF: What do you mean by your view?—A. That it should be done by these four individuals as private individuals and not by the Committee as a Committee.

Q. Quite so.—A. So he called in a stenographer and dictated what you might call a fresh draft. That was typed out by the stenographer and handed to General Bertram. He and I left Mr. Newcombe's office and we parted down street. He was going home to Montreal as fast as he could, the train was about due, and I went home. That was the last I saw or heard of the agreement, because the next day I left for England.

Mr. HELLMUTH: So you knew nothing about the cable that had come in early in October asking for a contract? I mean you had gone?—A. Oh, in October?

Q. Yes.—A. No, no, I left Ottawa the first of October.

Q. So, shortly, you have really told me your entire connection with it?—A. Yes.

Q. And what you did?—A. Yes, I did not know anything about the cable, but I did understand that a contract was desired, that is all.

Q. Quite so. That is all I have to ask you.

Mr. JOHNSTON: Nothing.

Mr. EWART: Nothing.

Mr. LAFLEUR: Nothing.

Sir WILLIAM MEREDITH: Any question?

Mr. CARVELL: Nothing.

Sir WILLIAM MEREDITH: There is just one matter I want to mention to counsel. Have you any desire that this lady, Mabel Edwards, should be called, or is there any suggestion that she can throw any light upon the subject of this inquiry?

Mr. CARVELL: I leave that entirely with Mr. Hellmuth so far as I am concerned.

Mr. HELLMUTH: I think my responsibilities are quite enough without deciding whether a lady should be called.

Sir WILLIAM MEREDITH: Does counsel for anybody desire that she should be called?

My brother Duff suggests that counsel should be asked also whether any point will be made if she is not called from the fact that she is not called.

Mr. JOHNSTON: The same rule ought to apply surely after the proposition made by your lordship.

Sir WILLIAM MEREDITH: It just occurred to the Commissioners.

Mr. JOHNSTON: We are all here, and if we do not ask her to be called it would be outrageous to make any comment on her not being called.

Mr. CARVELL: On behalf of my client I do not like to take the ground that I do not want Miss Edwards called. In fact, in my judgment all the parties who have taken any part in this matter should be brought here and tell what they know about

it. I have practised law long enough to know that counsel do not like to drag ladies into court, especially a young lady, but I can assure the Commission this, that I have no doubt if Miss Edwards were called she would be used in the best manner possible. It suggests itself to me that should she be called, but I do not want to ask it.

Sir WILLIAM MEREDITH: Can any one suggest any help the Commission would receive if she were called? It is not suggested that she had any part in the negotiations.

Mr. CARVELL: No, I do not think it is.

Sir WILLIAM MEREDITH: It may be that somebody may be doubtful as to the explanation why the \$105,000 was handed over to her. Is not that rather private in its nature?

Mr. CARVELL: Well, giving my opinion I can only say this, if she is not called there will be no adverse comment from me. I do not know what may take place outside of this room, but of course I am not responsible for that.

Mr. JOHNSTON: Let it remain until after recess. Perhaps we can determine it in the meantime.

Sir WILLIAM MEREDITH: Very well.

Mr. HELLMUTH: Of course, the way in which Miss Edwards would be entitled to this share, if at all, is, as Mr. Commissioner Meredith has said, hardly a matter for this investigation; but it does occur to me possibly that this view might be taken, that it might be urged—I am not saying it would be—that Miss Edwards was only a name used, and on the other hand it might be urged that she was only an alias for Allison himself. These things might be suggested, and perhaps under the circumstances—I do not know—

Sir WILLIAM MEREDITH: Is there really very much in that?

Mr. HELLMUTH: I do not know that there is anything.

Sir WILLIAM MEREDITH: According to the statement Mr. Allison made it was a pure gift.

Mr. JOHNSTON: Supposing it was not, it is between him and her.

Mr. HELLMUTH: I was going to say that either of those matters are not matters that concern us in this investigation.

Sir WILLIAM MEREDITH: Is Mr. Henderson here?

Mr. HELLMUTH: No, he went to the Non-Jury Court. Perhaps you would let that stand until after lunch.

Mr. JOHNSTON: Then another matter which I think ought to be dealt with now in order to give us time for some preparation. What direction or suggestion do you think ought to be made by the Commissioners as to addresses? Some limitation I think should be stated. I think that for from six to eight counsel to get and talk for hours would be taking up time unnecessarily. As far as I am concerned—although perhaps you have some doubt as to what my standing was or what it is now—I do not know exactly upon what ground I could say anything. The facts are here. I am not practically or technically representing anybody. Mr. Hellmuth seems to be in about the same position. The Government is not on the defensive. Of course, I can understand counsel for the Shell Committee and General Hughes being desirous to exploit their case before the Commission and before the public, which is quite natural and quite proper. But what would you expect us to do? Have you thought about the matter, as to what Mr. Hellmuth or myself might be called upon to say? I am not clear in my own mind as to what course should be taken. I have spoken in order that everybody might be prepared. The first direction, of course, would be to say as little as possible, to make it short.

[Major General Henry Smith.]

Hon. Mr. DUFF: A direction might dispense with preparation altogether.

Mr. JOHNSTON: Yes. I would be quite willing that that should be so as far as I am concerned.

Sir WILLIAM MEREDITH: Would it be contrary to the British Constitution if the two Commissioners left and a phonograph were placed here for you to speak into?

Mr. JOHNSTON: I am afraid there might be a repetition of sounds that might not be quite decorous. No. My idea was this. With all deference to what you or anyone else may think, I am of opinion that a statement limited to five or six or seven pages, as the case may be, similar to a Supreme Court factum, would meet the case. These addresses or arguments will be printed in the report no doubt, they always have been in cases of this kind, and they should be independently given, each one stating his own case. I think they should be limited to—well, a man who cannot say all that he ought to say in a case of this kind in five or six pages of typewritten matter, or ten, if you will is,—

Hon. Mr. DUFF: Is not fit for civilized society.

Mr. JOHNSTON: Is like Josh Billings; he has either a poor augur or is boring on the wrong side of the tree. I throw out this suggestion to save time. If we all get talking it will take days.

Sir WILLIAM MEREDITH: In that august body where factums are used that practice does not shut out oral argument.

Mr. JOHNSTON: Except by the judgments sometimes.

Mr. HELLMUTH: I would like to say a word in regard to this matter, and I am saying it not for my own sake at all, because I do not know that I shall have much to say. I am not in a position to argue it for anybody at all, but I should like before the argument advances to point out what I think are the issues. However, apart from that I think the Commission should allow oral argument, but I hope at not too great length. I do not believe at all in written arguments. A written argument is a dead thing. One wants to see what is moving in the minds of the tribunal.

Sir WILLIAM MEREDITH: The other is too live.

Hon. Mr. DUFF: There is something a little more relevant than that, Mr. Hellmuth. A written argument is a very troublesome thing—for counsel.

Mr. HELLMUTH: Mr. Commissioner Duff wants to remember that I said it would not affect me personally. Therefore the suggestion is not coming from me as a means of saving trouble.

Hon. Mr. DUFF: I was speaking to you as representing the bar.

Mr. HELLMUTH: Written argument means, as you say, some trouble, but now the matter is fresh in one's mind the salient points are easily picked out. I assume counsel have carried the proceedings along from week to week—I think I have been able to do it myself—and at the moment they are able to pick out what are the salient points. Sometimes when one goes to write a factum one puts an entirely different case to what has been before the tribunal in the atmosphere of the tribunal, and I think if the speeches could be limited to a reasonable length it would be far better to have them and get rid of the thing next week instead of having it drag out; somebody would be late with his written argument.

Mr. CARVELL: What do you call a reasonable length?

Mr. HELLMUTH: I would suggest that no individual counsel need take say over an hour and a half.

Mr. CARVELL: That surely is long enough.

Mr. JOHNSTON: That would be two days for the argument.

Mr. NESBITT: Why not adopt the rule of the Supreme Court of the United States? Three-quarters of an hour, with a leaning to the side of mercy.

Mr. HELLMUTH: But surely an hour and a half ought to be sufficient for two counsel speaking in exactly the same interest.

Mr. EWART: The Supreme Court allowance is four hours.

Mr. HELLMUTH: We do not want that.

Sir WILLIAM MEREDITH: We are thankful for the mercies we have already distributed, leaving it entirely to counsel to determine, according to their good sense to settle among themselves as to the best method of presenting the case and in regard to the time to be allotted to each. Whatever is arranged by counsel will be satisfactory to the Commission.

Mr. JOHNSTON: That will be rather hard to arrange. If the Commission would name one hour as the time, and if we all agree to it that will be the end of it.

Hon. Mr. DUFF: It will not be hard to do that.

Mr. HELLMUTH: Why not have it understood that the time will not be lengthened by any counsel, leaving it to the good sense of counsel not to keep on for any unreasonable time. Take any one side, surely counsel for that side could get through in an hour and a half.

Mr. EWART: In regard to any one side getting through in an hour and a half, I do not think it at all possible for us to get through in such a short time. In the Supreme Court I think the limit is three hours.

Hon. Mr. DUFF: Which is sometimes exceeded.

Mr. EWART: It is very frequently exceeded. And that is only upon a small case too.

Hon. Mr. DUFF: You and Mr. Nesbitt have had considerable experience appearing for persons against whom points have been suggested outside?

Mr. EWART: Besides, we have printed pages of evidence perhaps 1,200 or 1,300 in number, and some hundreds of exhibits. Do not place any time limit upon us, more particularly when one remembers that a great deal of the time heretofore has not been made the best use of. I expect, when I am addressing the Commission, to make the very best use of all my time.

Hon. Mr. DUFF: It is suggested, Mr. Ewart, that you arrive at some idea in regard to about how long your address ought to take.

Mr. EWART: I am often asked that question. I have never yet been in the Supreme Court without being asked how long the case I was appearing in was going to last. To that question I have always replied that I did not know.

Sir WILLIAM MEREDITH: Your answer ought to be that it depends upon the Judges.

Hon. Mr. DUFF: You say that that would still be your answer. Perhaps some pronouncement from the Bench here might facilitate your determination.

Mr. EWART: To the stereotyped form of question, how long is the case going to last, I always reply by asking the question "How long is a piece of string?"

Sir WILLIAM MEREDITH: How would this do?

Leave it to the good sense of counsel not to use up any more of the public's time than they believe is really essential?

Mr. CARVELL: That is very satisfactory.

Sir WILLIAM MEREDITH: Arrange among yourselves who is to speak and when to speak, that is, the order.

Mr. HELLMUTH: I will just put Mr. E. Carnegie back into the witness box to produce something which was mentioned in his evidence before.

Sir WILLIAM MEREDITH: Will you not call Colonel Allison in regard to those dates?  
[Major General Henry Smith.]

Mr. HELLMUTH: I thought I would wait until Mr. Henderson, his counsel, was present.

Mr. JOHNSTON: What is the arrangement for this afternoon and to-morrow? Are there some witnesses expected from Montreal?

Mr. HELLMUTH: In regard to the witnesses, I have just a question or two to ask of Mr. Carnegie, and if Mr. Bassick and Mr. Lignanti come I will have them too, but I don't know whether they will come or not. The witnesses that have been spoken of from Montreal are Mr. Hathaway and Mr. Sise. When those witnesses and Mr. Ohmer have been called, I will have to recall General Bertram on one or two minor points, and I will also have to recall Colonel Carnegie after all the witnesses have been called. That is all I know of.

Mr. JOHNSTON: The immediate proceeding in-chief is what I am concerned with.

Mr. HELLMUTH: We have to get on to-morrow with Mr. Hathaway and Mr. Sise, if I cannot do that to-day.

Mr. JOHNSTON: There is no train by which they could reach Ottawa from Montreal to-day.

Mr. HELLMUTH: I had hoped that we should have closed the evidence on Friday, but now Mr. Ohmer cannot get here until Monday anyway, consequently the evidence cannot be closed until next week.

Mr. NESBITT: Nobody wanted him.

Mr. JOHNSTON: It has been discussed, that Mr. Ohmer should be here.

Mr. NESBITT: Then that involves two other witnesses being here.

Mr. JOHNSTON: I cannot help that.

Mr. HELLMUTH: I cannot call Colonel Carnegie at present.

Hon. Mr. DUFF: You did not intend to call him until the end anyway, did you?

Mr. HELLMUTH: I did not intend to call him until every witness who testified as to being in touch with him at some time or another had been heard in evidence.

Mr. JOHNSTON: But if Lignanti and Bassick are not here, what work is there to do?

Mr. HELLMUTH: We will have either one. If both come, we will take either one, that is, either Mr. Hathaway or Mr. Sise.

Mr. NESBITT: But if Mr. Hathaway is in New York, as I understand he is, he cannot be gotten here before to-morrow.

Mr. HELLMUTH: I have just spoken to Mr. Stewart and have asked him if he has any further witnesses he desires to have called from the standpoint of the Shell Committee, and he has very forcibly said to me that he has practically used almost all the witnesses that would come and that he thought he had completed his duty, and that he did not propose to take any responsibility for any delay at all, that Colonel Carnegie could come back after the other witnesses had been called. He suggests—I don't know that there is a great deal of force in the suggestion—that if anybody else has any witnesses he ought to have them here. He brought witnesses, and wrote to others and brought them also.

Hon. Mr. DUFF: What about Cadwell, and what about Bassick?

Mr. STEWART: We have been presenting such evidence as we thought useful to the Commission from our point of view, and we have completed our witnesses. We do not suggest bringing Bassick here. If anyone else suggests having him come, I cannot help that.

Mr. HELLMUTH: I tried to get Bassick on my own account, as you know.

Sir WILLIAM MEREDITH: There has been a bona fide intention to have these men here.

Mr. HELLMUTH: Yes, certainly. I do not suppose we have anything to go on with the meantime. I would like to recall Mr. Carnegie now.

EBENEZER CARNEGIE, recalled.

*By Mr. Hellmuth:*

Q. When you were giving your evidence, as it appears on page 1094, you were asked about the cost of the shells at the Quebec Arsenal, and you stated that you were not able to say exactly whether the cost of \$4.80 odd was without the over-head charges, but that you had a memorandum at Welland which you would bring here. Have you that memorandum with you?—A. Yes. Here it is, sir. (Produced.)

Q. This is a memorandum showing how the cost is made up. I am not going to make the additions up. Have you made the addition?—A. \$4.82.

Hon. Mr. DUFF: What is that?

Mr. HELLMUTH: It is the cost of making a shell at the Quebec Arsenal.

Sir WILLIAM MEREDITH: Furnished by the Officers there?—A. Supplied by the Dominion Officers.

Hon. Mr. DUFF: The shell without the fuse?

Mr. HELLMUTH: Yes, the shell without the fuse.

Q. On page 1094, in answer to a question asked by me you said:—

“Q. But there can be no objection to just stating this, that so far as the first 200,000 order was concerned you had something to do with the consultations then?—

A. It was discussed at one of the committee meetings at which I was present.

“Q. And you took a part in that?—A. Yes. And to arrive at that price I went down with others to the Quebec Arsenal. We were down there for two days, and Colonel Lafferty gave us the opportunity of going through his books. There were several manufacturers present. I remember Mr. Goldie of Goldie and McCullough, and we were shown exactly how they arrived at the costs of their shells and how they made up their price.

“Q. Colonel Lafferty gave some evidence when you were here in regard to that?—A. Yes, sir.

“Q. You remember there was some question asked him in regard to that \$8.55. I really do not remember—

“Sir WILLIAM MEREDITH: They added 50 per cent.

“Mr. HELLMUTH: To \$5.

“Sir WILLIAM MEREDITH: To their cost.

Mr. HELLMUTH: To their cost?—A. My recollection of the cost of the Dominion arsenal is that their price, without overhead charges, amounted to over \$5.

“Q. Without overhead charges?—A. Without overhead charges. I have got that in Welland, the prices that Colonel Lafferty supplied me, but I have not been to Welland since then. I remember that it came to \$4.80 odd, the operations without the steel, that was the component parts.

“Mr. CARVELL: The cost without overhead was over \$5?—A. That is the best of my recollection, I would not say that is correct, but that is the best of my recollection.

“Mr. HELLMUTH: But you have a memorandum?—A. I have at Welland.

“Q. Are you going back to Welland?—A. Going back to-night.

“Q. You might bring that memorandum with you when you come here again?—A. I shall do that.”

Now you produce the memorandum. That shows, what?—A. \$4.82.

Q. And that is without what?—A. Without material. The material is not allowed for there.

[Ebenezer Carnegie.]

Sir WILLIAM MEREDITH: Whose figures are these?—A. That is the memorandum as I found it in my file at Welland, given to me by Colonel Lafferty.

Hon. Mr. DUFF: Whose pencil figures are these?—A. I cannot say.

Mr. HELLMUTH: Were they on it when it was given to you by Colonel Lafferty?—A. I cannot say that, but they are the prices given to me by Colonel Lafferty, amounting to over \$5.

Q. But they are not your figures?—A. They are not my figures.

Q. At all events, your evidence before was that your idea of the cost at the Quebec arsenal was \$4.80, without overhead charges?—A. That is so.

Q. At that time?—A. At that time.

Q. When you go over this memorandum you find it figures up to \$4.87?—A. \$4.82.

Sir WILLIAM MEREDITH: Exclusive of overhead charges and material?—A. And material. I spoke to General Bertram yesterday about that, and he said the same prices were supplied to him. That is probably a copy of the same thing which was supplied to General Bertram.

Mr. HELLMUTH: The memorandum is as follows:—

*Operations, Q.F. 18-Pr. Shell, as carried out at Dominion Arsenal.*

1. Bar parting: ingots 4½" long. (In pencil, ".57".)
2. Heating to 1,100 C. and forging 1st operation.
3. Cup put back in furnace to 1000 C. and drawn to finished forging. Shell reheated to rid steel of forging hardness. This is not laid down in specification. (In pencil, ".349".)

NOTE.—The specification for the steel calls for drawing into cylinders at 1,800 F. (982 C.).

4. Squaring base and cutting shell to length. (In pencil, ".096".)
5. Outside body and turning and finishing base. (In pencil, ".126".)
6. Inside body turning (the shoulder requires angle cutting to fit our machines. (In pencil, ".21".)
7. Oil hardening at 840° C. (In pencil, ".218".)
8. Tampering head half of shell to rid thin portion of excessive hardness.
9. Making up of lots of 105 for selection for tensile tests. By inspection branch.
10. Heading (lead pot used here, charcoal furnace used in England). Steel diaphragm put in at this stage (temperature 800-850° C.). (In pencil, ".314".)
11. Head turning and socket threads cut.
12. Rough body finish.
13. Finish body turning. (In pencil, ".423".)
14. Preliminary inspection. By inspection branch.
15. Driving band pressed on. Pressure used here 900 pounds per inch. (In pencil, ".09".)
16. Driving band turning. (In pencil, ".094".)
17. Assémbly, tin cup, central tube, bullets, socket and resin. (In pencil, "1.516".)
18. Socket turning. (In pencil, ".083".)
19. Soldering central tube. (In pencil, ".08".)
20. Reamering central tube. (In pencil, ".04".)
21. Stamping date of manufacture, etc. Inserting fuse hole plug. (In pencil, ".41".)
22. Final inspection by inspection branch.
23. Painting. (In pencil, ".21".)

(Marked as Exhibit 333.)

Mr. JOHNSTON: There is some writing on the memorandum which has become dimmed by handling. It has evidently been figured over. I wonder if the witness can tell us what that is?

WITNESS: I cannot tell that. I will find out but I cannot tell what it is.

Hon. Mr. DUFF: It is something about a cup.

Mr. CARVELL: The tin cup in the bottom of the shell.

WITNESS: A tin cup, a tube, a diaphragm, and something else in pencil.

Hon. Mr. DUFF: Merely additional details.

Mr. EWART: Were those figures given to you at the time?—A. They must have been given to me at the time.

Hon. Mr. DUFF: He does not remember, but he says they are the same as General Bertram got. General Bertram will tell us about that when he comes.

Sir WILLIAM MEREDITH: Do they agree with your recollection of the figures?—A. Yes, sir. As I stated previously, I thought it was over \$5.

Mr. HELLMUTH: It is the memorandum referred to in the evidence, which he said he would bring up from Welland.

Mr. JOHNSTON: There is no other memorandum?—A. None whatever. That is the only one I have.

Mr. CARVELL: Q. You said something, Mr. Carnegie, about being responsible for these additions?—A. I totalled them up, and they came to \$4.82.

Q. That would be the machining, the assembling and the metal?—A. No, it does not include the metal. In going over the list, it does not include the metal.

Q. That is for an 18-pr. shell?—A. Yes, sir.

Q. Item 1 has bar parting, ingots 4½ inches long?—A. Yes.

Q. What is the meaning of that phrase—Bar parting, ingots 4½ inches long?—A. The bar comes in 6-foot lengths, and they are cut to 4½ inches long.

Q. That is just the mechanical work of cutting them into pieces?—A. Yes, sir.

Q. But it does not include the metal?—A. I don't think so.

Mr. JOHNSTON: The metal would be hardly anything in value in one shell, would it?—A. It costs very considerable.

Mr. CARVELL: Do you know, Mr. Carnegie, what was charged for the metal at the beginning, for the 18-pr. shrapnel shell?—A. The price quoted by the company in the United States was 6 cents, and Colonel Cantley made it at \$3.37 per hundred pounds.

Q. What is that?—A. He furnished the steel at that cost.

Q. You mean the price per hundred pounds?—A. The price per hundred pounds.

Q. That would be, say, 3½ cents, and I suppose it weighed about 18 pounds originally?—A. Thirteen pounds.

Hon. Mr. DUFF: Thirteen pounds of steel?—A. Thirteen pounds of steel.

Mr. CARVELL: About 50 cents would be the cost of the metal?—A. About that.

Q. This memorandum seems to take in no material at all, that I can see?—A. That is how I read it.

Q. No material?—A. That is how I read it.

Q. That is simply for machining and assembling?—A. That is as I take it.

Q. Do you know whether or not the figures that are put down here would include in themselves a certain percentage for overhead expenses? Before you answer that, I will tell you my reason for asking the question. I think it was Colonel Lafferty who made the statement that whatever figures he gave did include the overhead expenses?—A. Yes. I say here that Colonel Lafferty made that statement, but I did not agree with him. To the best of my recollection I spoke to General Bertram about it yesterday, and he was of the same opinion, that that price was over \$5, as I stated previously here.

Q. Over \$5?—A. Over \$5, that is, for the material in the shell without overhead charges.

[Ebenezer Carnegie.]



Q. That is the best information you can give as to whether or not these figures include a percentage for overhead expenses?—A. That is correct.

Q. I think I have a right now to ask you this question; first, is it not a fact that 18-pr. shrapnel shells are being machined and assembled for very much less than \$4.82?—A. They are, yes.

Q. Without going into the details of any contract, you, as one of the contractors, would know, isn't it a fact that they are being machined in large quantities, or the work being done in large quantities for less than \$2?—A. I am doing them for less than \$2—15-pr.

Q. But I am talking about 18-pr?—A. There is very little difference between the 15-pr. and 18-pr.

\*Sir WILLIAM MEREDITH: What is that reduction due to?—A. In the first case, the machinery had to be bought, special machinery had to be bought for the machining of the shells. We had raw labour, which had to be trained for the work. That labour has become expert now, and it has enabled us to reduce our cost.

Q. The first cost included amortization?—A. That is so.

Q. Is there any amortization in the \$2?—A. Very little.

Hon. Mr. DUFF: This figure of \$4.80 and odd does not include amortization?—A. No. I understand it is just the actual cost for assembling, paid to the Arsenal, no operation costs.

Q. As between this cost of \$4.80 and the \$2, there would be no question of amortization at all?—A. No question at all.

Q. And these being Arsenal prices, how do you account for that—as a matter of curiosity—because they might have been supposed to have had expert help—or is that a beautiful example of public efficiency in industry; or would you rather not answer that?—A. I would rather not.

Q. Of course the increased quantities would make some difference?—A. Oh, yes.

Mr. HELLMUTH: So we have no witnesses for this afternoon.

Sir WILLIAM MEREDITH: Shall we adjourn until to-morrow morning at ten o'clock; is that the order of the day?

Mr. HELLMUTH: I do not see anything else to do but to adjourn until that hour.

Mr. NESBITT: What are we going to do to-morrow?

Mr. HELLMUTH: If some of these witnesses do not turn up to-morrow I will try and go on with Colonel Carnegie to some extent at all events. I do not see why I could not have him explain some matters, at least.

Mr. CARVELL: He can be recalled a second time.

Mr. NESBITT: When are we to determine whether witnesses are or are not coming?

Mr. HELLMUTH: I should say by Monday.

Sir WILLIAM MEREDITH: You do not seem to think there is any consideration due a witness, when you put him through a course so many times. There should be some consideration for a witness.

Mr. CARVELL: There should be some limit as to when witnesses should be brought here.

Mr. NESBITT: When are we going to be able to get away from here?

Sir WILLIAM MEREDITH: It all rests—if I may say so without offence—with your side, Mr. Carvell.

Mr. CARVELL: That is fair from the Court's side. Naturally, representing the gentleman who has made the charges, as I am told to-day that I had withdrawn, I want all the evidence that possibly can be brought to bear upon it to be given; still I do not want to keep the thing open for a week in the hope of having this or that man come here. I hope to have some date fixed for the closing of the evidence.

Mr. HELLMUTH: The witnesses might be gotten here by Monday, excepting Mr. Ohmer, that is, not finished by Monday, but being here.

Mr. CARVELL: I might have one witness here by Monday night, and I would mention Tuesday noon as being the limit for the production of witnesses.

Mr. NESBITT: Unless something is put in, in reply.

Mr. CARVELL: Certainly, unless something develops in the meantime.

(The Commission adjourned at 12.55 noon until 10 o'clock to-morrow morning.)



# ROYAL COMMISSION.

## TWENTY-FOURTH DAY.

OTTAWA, June 2, 1916, 10 a.m.

Mr. GRANT: Mr. Johnston wanted me to say that he was called home last night.

Sir WILLIAM MEREDITH: He has gone home?

Mr. GRANT: Yes.

Mr. CARVELL: I have just received a telegram that Mr. Ohmer will be here on Monday morning, and I wish to state this so that there may be no delay as far as we are concerned.

Some time this afternoon I will be in a position to state whether the witness from New York to whom I referred will be here or not. If so, he will be here on Monday.

Miss MABEL G. EDWARDS, sworn.

*By Mr. Hellmuth:*

Q. Miss Edwards, you are some connection or relation of Colonel Allison?—A. Yes, I am his sister-in-law.

Q. How long have you been a member of his household?—A. Twenty-seven years.

Sir WILLIAM MEREDITH: That is a very unfair question. You are getting under Miss Edwards' guard.

Mr. HELLMUTH: I take it that Miss Edwards must have been an infant in arms almost at that time.

Q. And I believe that you have also been his secretary, have you not?—A. Yes, sir.

Q. And how long have you been his secretary?—A. I will have to think that out—about 14 years, no, 13 years.

Q. And can you tell me when you first learned of any order being given upon Mr. Yoakum for an amount in your favour by Colonel Allison?—A. Yes, it was last March.

Q. Last March?—A. Around the first of March.

Q. Whom did you learn it from?—A. Colonel Allison.

Q. What did he tell you?—A. Well, Colonel Allison was very sick at the time, it was when we were in Florida, and he told me—

Mr. CARVELL: About the first of March?—A. I think the order was on the 3rd March, I am not sure of the date, and he told me that as he had always promised to

make some provision for me, and as he thought I could handle the money better than any one else in the family, he was going to give me this order for \$105,000. I think that day he wrote to Mr. Yoakum to that effect.

Q. What condition if any was attached to this gift?—A. Absolutely none, I do not know of any.

Q. I mean, did you hold this money for any other person?—A. No, sir.

Q. Did you hold it for Colonel Allison?—A. No, sir, it was given to me outright.

Q. May I suggest from what you have said, that you were to use the money not absolutely for yourself, but possibly for the family?—A. Well, when he gave it to me I said something to this effect, "I shall always be only to glad to use it for the family if they need it. You can trust me absolutely that they will not want," or something to that effect.

Q. That is to say, if the family should require something you were not going to hold it entirely?—A. No, sir.

Q. But you say that there was no condition?—A. No, there was absolutely no condition; he did not even mention the family when he gave it to me.

Q. Outside of that can you throw any further light upon the matter? Is there anything else you can tell me about it? Have you received any of it?—A. Yes, sir.

Q. You have, about how much?—A. The first payment was \$16,809.02, I think those are the figures.

Q. Have you paid that over to anybody else?—A. No, sir.

Q. Was there another payment?—A. No, sir.

Q. That is the only payment you have got?—A. That is the only payment.

Hon. Mr. DUFF: That money was under your own personal control?—A. Absolutely.

Mr. HELLMUTH: Have you held that money in any way, or any portion of it for General Sir Sam Hughes?—A. No, sir.

Hon. Mr. DUFF: Oh, no.

Mr. HENDERSON: We have been asked that question on account of rumour.

Mr. HELLMUTH: Or to pay Colonel Allison's creditors?—A. No, sir, the money was given me outright.

*By Mr. Carvell:*

Q. I suppose, Miss Edwards, taking the evidence given by Col. Allison and yourself put together, you would be about twenty-nine years of age?—A. I am.

Q. That is the deduction I make from it?—A. Yes.

Q. And therefore you became Col. Allison's secretary at sixteen?—A. Yes, I think I was just a little over sixteen.

Q. Generally speaking, what was the nature of the work?—A. First, I learned to run the typewriter, and wrote letters. After that I kept track of the bills and paid some of the bills.

Q. Perhaps you will give me the progress of the work?—A. Principally I am a farmer.

Q. On the farm?—A. Yes, sir.

Sir WILLIAM MEREDITH: That will appeal to you, Mr. Carvell.

Mr. CARVELL: It certainly does.

Sir WILLIAM MEREDITH: Perhaps she may give you some pointers.

Mr. CARVELL: I may say, my Lord, that my farming is not sufficiently extensive to enable me to pay my stenographer at the rate of \$10,000 a year, however, I am growing.

Q. Then, I suppose, Miss Edwards, you were like dozens of other young ladies in the country, you are a typewriter, stenographer?—A. Yes, sir.

[Miss Mabel G. Edwards.]

Q. Keep the books?—A. Yes, sir.

Q. And follow Col. Allison's wishes along that line. You have always been an actual, real member of Col. Allison's family?—A. Yes, sir.

Q. And so far as your general relations are concerned you have looked upon Mr. and Mrs. Allison as ordinary young ladies would look upon their parents?—A. Yes, sir.

Q. And no doubt they have looked upon you as a daughter?—A. I think so.

Q. And during these years you received whatever was necessary in the way of expenses and clothing and necessaries for a young lady in your station of life?—A. Yes, sir.

Q. So you could not say that you had any legal claim; you would not feel that you had any legal claim upon Colonel Allison for this fairly large amount of money?—A. No.

Q. It was simply given to you voluntarily as a gift?—A. I think so, yes.

Q. Do you feel that he was giving it to you as a payment for past services, or purely as a gift, considering the family relations?—A. Well, I think both of those considerations entered into his reason for having given it to me. I think it was in payment for services that I had done and also because I was a member of his family; and he had already provided for his family and had not for me, and he had promised that he would.

Q. I am not asking for the details, but had you the knowledge that he had made provision for the rest of his family, consisting, I think, of his wife and daughter?—A. Yes, sir.

Q. You knew that?—A. Yes, sir.

Q. Would you mind telling me where the money is now, how it is invested?—A. It is not invested yet.

Q. It is in the form of cash?—A. Yes, sir.

Q. Is it in the bank?—A. Yes, sir.

Q. What bank is it in?

Sir WILLIAM MEREDITH: Now, Mr. Carvell, is that quite fair to this lady? We have had some suggestion that there is litigation between Lignanti and Colonel Allison.

Mr. CARVELL: I cannot see that that will have anything to do with this lady.

Sir WILLIAM MEREDITH: It might be useful information to help Mr. Lignanti if he gets a judgment.

Mr. CARVELL: I think it is a misapprehension—

Mr. EWART: They would issue a garnishee.

Mr. CARVELL: Oh, I see. You mean that Colonel Allison had no right to give it away.

Sir WILLIAM MEREDITH: It might be furnishing material for a creditor of Colonel Allison's.

Mr. CARVELL: I had not thought of it along those lines. I do not wish to ask any questions that may be thought improper.

Sir WILLIAM MEREDITH: It strikes me that it is not quite fair to the young lady.

Mr. CARVELL: Well, am I to proceed?

Sir WILLIAM MEREDITH: I am merely suggesting for your own consideration—just use your own judgment with regard to it.

Mr. CARVELL: I don't think that I want to go into private affairs; I only want to get the actual fact about the status of the money. This young lady says it is in a bank.

Q. Is it in a bank in Canada or in the United States?—A. In the United States.

Q. Is it all in one bank?—A. Well, I do not really know whether it is all in one bank, for the simple reason I had it deposited, and I may have spent some of it and I may have transferred some of it; I do not know whether any of that actual \$16,000 was transferred or not; I have a private account of my own, and it was put in with that.

Sir WILLIAM MEREDITH: In another bank?—A. It was deposited to my account in one bank, but I have several accounts that I use.

Q. In the same bank?—A. No, not in the same bank, in different banks; I could not say whether any of the \$16,000 was taken out or not; it was all put there together, and I have not gone over the books since to know how much I have taken out.

Mr. CARVELL: That is whether the total credit would be \$16,000 more than it was on the 3rd March?—A. I do not know that.

Q. Have you made any investments since the 3rd March of other funds besides this?—A. No, sir.

Q. For what purpose would the moneys have been withdrawn or may have been withdrawn?—A. For my personal expenses, that is all.

Q. There has been no investment of any kind either of this fund or of funds which you had in the bank prior to that date?—A. No, sir.

Q. Do you object to giving the names of the banks in which this money has been deposited?—A. Yes, I would rather not.

(Miss Edwards steps down from the witness box.)

(Sir William Meredith speaks to Mr. Henderson.)

Sir WILLIAM MEREDITH: I have just asked Mr. Henderson if there is any real objection to her stating in what bank this money was, and he says there is no objection, Miss Edwards might come back.

MABEL G. EDWARDS, recalled.

Mr. HENDERSON: It is in the Bankers' Trust Company, of New York.

Hon. Mr. DUFF: Let her answer the question.

Sir WILLIAM MEREDITH: Mr. Carvell desires to know in what bank the money was deposited?—A. In the Bankers' Trust Company of New York.

Mr. CARVELL: And the other banks?—A. That was the bank it was deposited in.

Q. That this money was all deposited in?—A. Yes, the Bankers' Trust Company.

Q. Have you the bank book?—A. No, sir, I have not. I have a bank book but not here.

Mr. CARVELL (to the Commissioners): Now that we have gone this far, I think we certainly have a right to proceed one step further.

Sir WILLIAM MEREDITH: What do you want to know? Put your question.

Mr. CARVELL: I would like to ask this young lady to produce the bank book. She says she has not it here.

Sir WILLIAM MEREDITH: Where is the bank book?—A. At home.

Q. Where is that?—A. I did not know I was going to be a witness. It is either in Morrisburg or it may be in my vault in New York.

Q. Have you any objection to giving authority to Mr. Carvell to ask the bank whether your statement is accurate?—A. No, but I think this is my personal affair, and I do not see what it has to do with the inquiry. I have not any objection, but I really do not see at all—

Q. If you have not any objection will you give it to him?—A. I suppose I will have to. I will tell you, I will send the bank book.

[Miss Mabel G. Edwards.]

Sir WILLIAM MEREDITH: Very well.

Mr. CARVELL: That will be quite satisfactory indeed to send the bank book to the secretary?—A. All right, I will send the bank book.

Mr. HELLMUTH: The only other witnesses that I have are Col. Carnegie, who will have to go back in regard to some matters, and perhaps one or two matters for General Bertram, who has been referred to in part of the evidence of some of the witnesses, but I do not know whether Col. Carnegie should be examined now or after Mr. Hathaway and Mr. Sise, and Mr. Ohmer, who may touch upon matters with which he is conversant. If it is desired to break his evidence up I will call him, but otherwise I should think he ought to be called after. There might be light thrown on some matters—

Hon. Mr. DUFF: He has had five days of examination, which I do not suppose any of the rest of us would like to invite at all.

Mr. HELLMUTH: I think perhaps he ought not to be called two or three times again, but only once; and there is this to be said that Mr. Hathaway or Mr. Sise or Mr. Ohmer may touch matters that some of the other witnesses have touched on, and it may be a question as to whether he would have to be called in regard to some of these matters at all; they may be cleared up by others.

Sir WILLIAM MEREDITH: Where is Mr. McBain?

Mr. HELLMUTH: I understand Mr. McBain has been here for four or five days ready to be called, but he is not here this morning. I am told he has gone out of town.

Mr. CARVELL: Col. Mackie has been here.

Mr. HELLMUTH: I do not know that Col. Mackie had any order on this; I think Col. Mackie was on a purely collateral matter.

Mr. HENDERSON: There was a little bit of evidence the Commission wanted from Col. Allison as to some dates.

Mr. HELLMUTH: I can ask Col. Allison with regard to those dates.

(Some one stated that Col. McBain was in town this morning and might be available.)

Mr. NESBITT: Mr. McBain told me yesterday he had to leave town.

Mr. HELLMUTH: I will have a message sent to the hotel to see if he is there.

Mr. CARVELL: We are not asking for the production of Col. McBain.

Mr. HELLMUTH: Well, a message has been sent to the hotel.

Mr. CARVELL: I will be delighted to have him come, but I am not demanding that Col. McBain be examined at all.

J. WESLEY ALLISON recalled.

Mr. HELLMUTH: You were asked to ascertain in regard to certain dates whether you were in Ottawa between certain dates, I think it was between the 25th May and 5th June?—A. The 28th May to the 5th June, I was in New York during that period.

Q. You have ascertained that?—A. Yes, sir.

Q. When was the last time prior to that that you were in Ottawa?—A. Well, now, I did not look that up; I don't think I was in Ottawa for some considerable time prior to that date.

Q. At all events you know that between the 28th May and 5th June inclusive?—A. Yes, sir, I telephoned to New York and found that I attended a dinner given to Judge Gray on the 28th May by the Iron and Steel Manufacturers of the United States.

Hon. Mr. DUFF: That was in New York?—A. Yes, at the Waldorf.

Mr. HELLMUTH: You were not here between that and the 5th June?—A. No, sir, I was in New York.

Hon. Mr. DUFF: I wanted to get the period from the time that cablegram arrived of the 28th May down to the time when the arrangement was made on the 5th June, although the contract was not actually signed till the 19th June; I wanted to know whether Col. Allison was here and had anything to do with any negotiation during that period to the 5th June.

Sir WILLIAM MEREDITH: I have just received this telegram from Dowler Forbes Co.:—

NEW YORK, N.Y., June 1st, 1916.

Sir WILLIAM MEREDITH, Duff-Meredith Commission, Ottawa, Ont.

Have read newspaper reports of evidence before your commission regarding our firm and Sir Courtenay Bennett. Demand opportunity appear before your commission. Kindly arrange take our Mr. Dowler's evidence on arrival train next Tuesday morning in order facilitate his return same day. Please wire answer.

DOWLER FORBES CO.

Then I suppose it will be proper for Mr. Dowler to be afforded the opportunity he desires. The Secretary will be good enough to communicate with Mr. Dowler to that effect.

Hon. Mr. DUFF: I think, Mr. Hellmuth, that perhaps the question which has been asked Col. Allison ought to be supplemented by this question, whether or not during that period he had any communication with regard to the pending negotiations with General Hughes or any of the Shell Committee.

Mr. HELLMUTH: Col. Allison, between the 28th May and the 5th June had you any communication, and if so what, with either General Hughes or the Shell Committee—

Sir WILLIAM MEREDITH: Or any member of the Shell Committee?

Mr. HELLMUTH: Yes, or any member of the Shell Committee in regard to these fuse contracts or either of them?—A. I have no recollection of discussing it with anybody or communicating with them in any way with regard to this fuse matter during that period.

Mr. EWART: I think you told us before, Col. Allison, that you had nothing to do with them after the middle of May?—A. I had absolutely nothing whatever to do with it after Mr. Yoakum took the matter in hand, that was after the meeting with Col. Carnegie and General Bertram in New York.

Q. After all that has taken place in the Court Room you remain of that opinion?—A. Absolutely, I had nothing whatever to do with it.

Mr. HENDERSON: That would be after the meeting which we understand to have been on the 14th May?—A. 14th or 15th May.

Mr. HELLMUTH: Col. McBain is here now and I will call him.

WILLIAM MCBAIN, sworn, examined.

*By Mr. Hellmuth:*

Q. Among the orders given by Colonel Allison to Mr. Yoakum we find one in your favour for I think \$30,000?—A. Yes.

Q. Can you tell me how that came to be given to you?—A. It was given to me after certain negotiations with Colonel Allison covering a settlement of certain transactions in Europe.

[J. Wesley Allison.]



Q. That is to say you had—I do not want to go into your business—been in some transactions in which you and Colonel Allison had been acting together?—A. Yes, early in the year of 1915 and in the fall of 1914.

Q. And you came to a settlement by which he was to give you this order, at least he was to give you an order for \$30,000?—A. It was either give the order or pay it in cash.

Q. That is to say \$30,000 was the amount fixed upon?—A. Yes, it was an arbitrary amount; I thought I should have more and he thought I should have had less, and we split the difference and made it \$30,000.

Sir WILLIAM MEREDITH: It was an arbitrary amount.

Mr. HELLMUTH: But had you had some dickering about what the amount should be?—A. Oh, yes, for just a short time, a few weeks; he always has been fairly fair in that matter. I think I asked \$40,000; I thought I should have received \$40,000, and the amount was arrived at at \$30,000.

Sir WILLIAM MEREDITH: Will you please speak as if you were addressing a command to your regiment?—A. I would have to speak in a whisper then.

Hon. Mr. DUFF: Then it is a phantom regiment.

Mr. HELLMUTH: I understand that your title of Colonel is honorary?—A. Yes.

Q. And you are not engaged in the Militia Department?—A. No.

Q. May I suggest that you got your title of Honorary Colonel after some work you did at Valcartier Camp?—A. It was while I was there.

Q. You were engaged, were you not?—A. Yes, it was no doubt on account of the camp, and to give me some authority over the men I was working with.

Q. You were working at that camp?—A. Yes.

Q. You have not been, I believe, I am informed, in the pay of the Militia Department?—A. I have not received a dollar.

Sir WILLIAM MEREDITH: Perhaps you will find out whether he had any interest in this commission to Yoakum.

Mr. HELLMUTH: Had you any interest in the fuse contract or in any commission that Mr. Yoakum was getting out of it?—A. Never heard of the fuse contract until late in the fall of 1915. I left Canada in April and I was in Europe till August.

Q. Had you any interest in the commission at all?—A. No.

Q. As I understand it was merely a payment to you of \$30,000?—A. Of certain obligations.

Q. From Allison?—A. Yes.

Q. And you had no connection or interest with Allison in the fuse contract?—A. None whatever.

Q. Nor with Mr. Yoakum?—A. No.

Mr. HELLMUTH: I do not think I have anybody else now at all. Mr. Ohmer will be here on Monday morning you say?

Mr. CARVELL: Mr. Ohmer will be here on Monday morning. He is coming from Toronto.

Sir WILLIAM MEREDITH: He comes by way of Niagara Falls.

Mr. CARVELL: He states in this telegram: "Leave Toronto Sunday night, arrive Ottawa Monday morning 7.40."

Mr. HELLMUTH: Then when will Mr. Hathaway be here?

Mr. CARVELL: General Bertram told me that Mr. Flavelle wired or telephoned him yesterday.

Mr. HELLMUTH: There is no object in meeting before the usual time on Monday, because we can certainly get through Mr. Hathaway and Mr. Ohmer.

Mr. CARVELL: General Bertram informs me that Mr. Flavelle told him that Mr. Hathaway is in New York, and Mr. Sise could not be here to-day, but they could be both here on Monday.

Sir WILLIAM MEREDITH: The usual hour Monday?

Mr. HELLMUTH: 2.30 Monday.

Mr. CARVELL: How would it do to say twelve o'clock?

Hon. Mr. DUFF: You are not gaining anything by that.

Sir WILLIAM MEREDITH: You do not get fairly started before you adjourn. I would sooner sit later on Monday.

Mr. HELLMUTH: We might finish these out of town witnesses.

Mr. CARVELL: How would it be to have an evening session on Monday?

Sir WILLIAM MEREDITH: It depends on how we feel then. At present I do not see any reason why we might not.

Hon. Mr. DUFF: If it is necessary to let Mr. Sise and Mr. Hathaway (who are public officials) or Mr. Ohmer away to return to their work there will be no difficulty.

Mr. CARVELL: No one can tell how lengthy these examinations will be. The bringing into this investigation of Mr. Dowler may require considerable time.

Sir WILLIAM MEREDITH: Mr. Dowler wants to get away on Monday.

Mr. HELLMUTH: No, he is not to be here until Tuesday.

Mr. CARVELL: I am prepared to stay as long as necessary, although I would like to see the Commission close up next week if possible.

Mr. HELLMUTH: Oh, it will.

Sir WILLIAM MEREDITH: I think we will have to have some night shifts if necessary.

Hon. Mr. DUFF: Yes, and we can start at nine o'clock in the mornings.

Mr. HELLMUTH: A daylight-saving Commission.

Sir WILLIAM MEREDITH: Well, then, half-past two Monday.

(The Commission adjourned at 11 a.m., Friday, June 2, to 2.30 p.m. Monday, June 5, 1916.)



# ROYAL COMMISSION.

TWENTY-FIFTH DAY.

OTTAWA, June 5, 1916, 2.30 p.m.

Mr. EWART: Before Mr. Hellmuth takes up the course of proceedings, I wish to say on behalf of the Minister that we are informed on very good authority that Mr. Kyte has been making some speeches in the East, and that in them he has said that Allison committed perjury and that General Hughes lied.

What I rise to say is that now we wish Mr. Kyte called, unless Mr. Carvell will undertake to say that Mr. Kyte has not made that statement. I do not suppose that Mr. Carvell can say anything one way or another at present, but I now make the request that I do, and leave it for Mr. Carvell to make the inquiries and give us the answer.

Mr. CARVELL: Messrs. Commissioners, I am not Mr. Kyte's keeper in Nova Scotia. I would not like to say whether Mr. Kyte had made a statement on the hustings, Your Lordships will remember that there is an election on in Nova Scotia; but I have no knowledge whatever of any such statement, and have not seen any in the newspapers. If Mr. Ewart will show me a paper containing the remarks said to have been made in Mr. Kyte's speech, I will be better able to form an opinion.

Mr. JOHNSTON: I do not know that we can try all these collateral issues or we will be here forever.

Mr. CARVELL: That is so. If he makes statements regarding Col. Allison and Sir Sam Hughes, which are not according to the facts, they of course know their remedy as well as anybody else.

Mr. HENDERSON: Speaking on behalf of Col. Allison, it appears to me that the matter goes rather deeper than that, and to me it is somewhat surprising that Mr. Carvell should speak in a light way of the distinction between the hustings and any other public platform. Mr. Carvell is here representing Mr. Kyte, and to-day he makes use of the word "charges." It does seem to me to be a somewhat shocking thing for a party who is practically the plaintiff in proceedings such as this, represented by counsel, to pass judgment upon the matter upon the public platform.

Mr. CARVELL: I want some evidence of that statement.

Mr. HENDERSON: I may say that I have it from an absolutely authentic source.

Mr. CARVELL: Bullock, I suppose, the man who took the statements down East.

Mr. HENDERSON: Very far from it. I will tell my friend privately, and he will not dare to question.

Sir WILLIAM MEREDITH: Will not question?

Mr. HENDERSON: He would not dare to question.

Mr. EWART: This is not a side issue by any means. Mr. Kyte, as we are informed, has undertaken to say that General Hughes in giving his evidence has lied. If he is in a position to say that publicly, I suppose that he is in a position to substantiate it before the Commission. He is posing as a man who has some information, and if he has it ought to be given to the Commission.

Mr. HENDERSON: It is contempt of court under ordinary circumstances.

Sir WILLIAM MEREDITH: I suppose there is nothing to be done at present, nobody makes any motion or proposition.

Mr. EWART: I have just stated that what we said the other day with reference to Mr. Kyte not being a material witness is now withdrawn, subject to its re-establishment, if Mr. Carvell will give the assurance that I have asked for.

Mr. CARVELL: I cannot give the assurance because I was not there and did not hear him.

Sir SAM HUGHES: You can inquire.

Mr. CARVELL: Yes, I will do that.

Mr. HENDERSON: Mr. Carvell might say that a statement of that kind would not be warranted—in common decency he might say that.

Mr. CARVELL: That would be giving an opinion, and I am not one of the Judges of this case.

Sir WILLIAM MEREDITH: Counsel have no right to have an opinion.

Mr. HENDERSON: Does Mr. Carvell propose to argue anything of that kind.

Sir WILLIAM MEREDITH: That we will hear in time.

Mr. CARVELL: Do not pass that stile until you come to it.

Mr. HENDERSON: Mr. Carvell does not pass the stiles until he comes to them.

Mr. CARVELL: I shall certainly communicate with Mr. Kyte and report back to the Commission as soon as possible.

Sir WILLIAM MEREDITH: I have no doubt that it is an improper thing for Mr. Kyte to make statements expressing an opinion of the result of this inquiry; he is a lawyer and ought to know.

Mr. HELLMUTH: I have received two letters, one from Mr. Bassick and one from Mr. Lignanti. A duplicate of the one from Mr. Bassick came today, and one came to my office in Toronto on Saturday afternoon. It is dated from New York, June 1st. (Reads portion of letter.)

Hon. Mr. DUFF: Do you think that ought to go on the record, it contains an opinion?

Mr. HELLMUTH: Except that he says, "I will send a formal declaration."

Hon. Mr. DUFF: I do not suppose that anybody wants a formal declaration.

Mr. HELLMUTH: Perhaps I should not have brought these letters before the Commission. I thought it was my duty.

Mr. CARVELL: It would be quite proper if they were coming here.

Mr. HELLMUTH: Under the circumstances I shall not say anything about Mr. Lignanti.

Sir WILLIAM MEREDITH: Is he coming?

Mr. HELLMUTH: That would be rather disclosing what is in the letter.

Hon. Mr. DUFF: What I objected to was Mr. Bassick or anybody else writing a letter, and the letter going on the record, passing any comment upon anybody's evidence.

Mr. HELLMUTH: I did not intend in any way to make Mr. Bassick's letter a piece of evidence in regard to this matter, and I do not think that Mr. Lignanti's letter or anybody's letter could be evidence; but if it had been thought that he should be telegraphed to come, I would telegraph him, that is the only thing. Mr. Lignanti's letter is practically that he has nothing to give either beyond what has been given.

Mr. CARVELL: I would like to ask Mr. Henderson if Miss Edwards' bank book has come, and I would also like to state to the Commission that on talking this matter over with my colleagues, we have decided that we would like Miss Edwards to come personally with the bank book in order that we might ask a few more questions.

Mr. HENDERSON: The bank book is here. There was no request for Miss Edwards to attend personally, and she, thinking that her work here was at an end, has gone to take a holiday.

Mr. CARVELL: She can come back again.

Mr. HENDERSON: I cannot say that. I may say that I myself unfortunately have to go somewhere else to-morrow night, and unless the Commission so directs, I do not think it desirable that Miss Edwards should be called again. The bank book is here as asked.

Sir WILLIAM MEREDITH: Are you putting that in?

Mr. CARVELL: Do I understand that the bank book is allowed to go in?

Sir WILLIAM MEREDITH: The understanding was that she was to send it. Apparently everybody seemed to be satisfied with her promise that she would send it.

Mr. HENDERSON: And it is here.

Sir WILLIAM MEREDITH: Perhaps you had better look at it.

Mr. HENDERSON: As she said, it contains the one entry.

Mr. CARVELL: I do not want to look at it.

Mr. HENDERSON: I have no objection to you looking at it. It is just as the young lady said, one entry.

(Bank book marked Exhibit 334.)

Sir WILLIAM MEREDITH: Well, what is next?

Mr. JOHNSTON: I have Mr. Ohmer here.

Mr. CARVELL: The bank book is not in evidence yet, is it?

Sir WILLIAM MEREDITH: It is filed as an exhibit.

Mr. CARVELL: Well, Mr. Commissioner, this only shows the importance of bringing this young lady back. She stated that small amounts had been drawn out. We have the book produced here absolutely a blank, excepting that her name is in it and that there is an entry of a deposit of \$16,908.

Mr. HENDERSON: And two cents.

Mr. CARVELL: No withdrawals, no balance struck, nothing to show that it is even entered up. I have a greater reason now than I had before for asking that she be brought back.

Sir WILLIAM MEREDITH: She said she had more accounts than one.

Mr. HENDERSON: If the cheques have been issued, they have not been entered up. It was at her home in Morrisburg—

Sir WILLIAM MEREDITH: What bank is it?

Mr. HENDERSON: It is on a New York bank.

Mr. CARVELL: There is not an official letter, or a stamp on the book. I am not taking objection to the book, but I am only saying that any counsel who produces a book of that kind should produce the witness for examination.

WILFRED I. OHMER, sworn and examined.

*By Mr. Johnston:*

Q. Mr. Ohmer, what is your business?—A. Manufacturing.

Q. Where?—A. Dayton, Ohio.

Q. How long have you been engaged in that business?—A. About 39 or 40 years.

Q. What is the name of your company?—A. The Recording and Computing Machines Company.

Q. Substantially all the stock is owned by yourself I understand?—A. Yes.

Q. What do you mean by manufacturing recording machines? What is meant by that?—A. Recording machines mean machines that will do recording by mechanical means, instruments of precision would be a better term.

Q. Mental work done mechanically?—A. Yes.

Q. Does that require a fine class of work?—A. Yes, the finest known.

Q. What is the name of one of your machines, what do you call it?—A. Well, recording machines, registers, bank machines—that is machinery for doing bank business—and fuses now.

Q. I thought that what we call an adding machine would be one of those.—A. These machines have a combination of adding mechanisms.

Q. Up to the time of this contract that you got—I am making it as short as I can—I understand that you employed four or five hundred hands?—A. Yes.

Q. And occupied about 40,000 square feet of space?—A. Not 40,000, 42,000.

Q. Then, you got a contract I understand, to make fuses according to the Russian pattern?—A. Yes.

Q. I will not trouble you with the details of that, but I will get something of your capacity at the time. Do you remember about what time you got this contract?—A. The later part of March, 1915.

Mr. NESBITT: You can look at it.

Mr. JOHNSTON: All I am giving is the date.

Q. Have you the contract with you?—A. No. I can give you the date, it was signed on the 22nd of March.

Q. At the time this second matter came up that we are coming to, you had an existing contract, the terms of which I am not concerned with?—A. I had a contract at that time. I do not know what is coming.

Q. I am not concerned with that phase of it, so that there is nothing coming. Then, when you got that contract, what was your capacity to do this class of work? What did you do after you got that contract in March?—A. Got busy.

Q. Yes, Americans all do. I am getting at what you really did. Put up any buildings?—A. Yes. Well, we begun building on the 1st of April.

Q. What did you build?—A. We build from that time until now—

Q. No, at that time.—A. There were sixteen buildings started at one time.

Q. Yes, give me an idea of their area if you can.—A. Approximately, yes.

Q. Yes.—A. One 310 feet by 50 feet.

Q. Yes.—A. Another 290 feet by 50 feet.

Q. Yes.—A. The others I cannot give you.

Q. They were smaller?—A. They were smaller, yes.

Q. Can you give me the total area you had at that time? What did you put in preparatory to filling this contract?—A. To begin with, we had about 40,000 feet, and we converted the old business into manufacturing fuses.

Q. You included that?—A. Oh yes, because we had the machinery and quite a large factory.

Q. Then the sum total would be how much?—A. The area?

[Wilfrid I. Ohmer.]

Q. Yes.—A. About 325,000 feet at the present time, and in addition to these buildings we purchased several large buildings formerly used for manufacturing automobiles.

Q. Were those intended to manufacture fuses?—A. Yes.

Q. Altogether I understand you had about ten acres of buildings?—A. A little over ten acres.

Q. How long did it take you to get the buildings ready?—A. The new buildings, just three weeks to the day, began on the 1st of April and finished on the 21st.

Q. What about your machinery and plant that you had?—A. At that time?

Q. Yes.—A. Oh, we had a complete plant for manufacturing.

Q. What about the manufacture of fuses?—A. We had a complete plant for manufacturing fuses as far as the mechanical work was concerned, but on a small scale; but we had to add to that.

Q. And did you?—A. Yes.

Q. Where did you get your machinery?—A. Made some and bought some. We bought some large machines, automatic screw machines; smaller machines we made ourselves.

Q. What about your tools?—A. We made those.

Q. How many did you make altogether?—A. Up to date?

Q. Yes, to give us some idea of this fuse business?—A. Up to date we have made between six and seven hundred thousand tools.

Q. All used in the manufacture of fuses?—A. Yes. That is in addition to the gauges.

Q. Who made the gauges?—A. We did.

Q. With the exception of the heavy machinery, did you make all the tools, gauges and the rest?—A. We made all in our own plant, and besides that we had about 46 other plants making them for us.

Q. Then as to materials, did you buy materials then?—A. Yes.

Q. When did you begin to manufacture?—A. We began on the business in the latter part of March, in the old plant.

Q. I mean in your new plant?—A. We begun running machinery in the new plant sometime in May.

Q. Were you turning out fuses under this contract to any extent in May or June?—A. We were turning out a great many parts.

Q. I understand you shipped and that you have on hand and you have in the factory almost complete altogether 1,300,000, speaking roughly, fuses?—A. That is about right. I can give you that accurately.

Q. I do not want that. You had spent about how much money in connection with this fuse manufacturing?—A. In the purchase of materials as well as machinery and tools?

Q. Everything?—A. Something over four million dollars.

Q. Now, that was the condition of things more or less in May, the middle of May, 1915, what you have told us, except the output was not as large of course?—A. Oh yes.

Q. But the conditions existed?—A. Yes.

Q. Let us come to the meeting in New York, under the conditions you have mentioned and qualified as you have, you came into contact with two gentlemen named Col. Carnegie and General Bertram?—A. Yes.

Q. How did you come into contact with them?—A. I was asked to meet them through a man in New York by the name of Ryan.

Q. Did you know anything of Ryan before this?—A. I had met him a number of time before.

Q. What business was he in?—A. Pretty hard to tell; he is down in Wall St.

Q. Broker, I suppose?—A. He has an office in Heyd & Stone's offices.

Q. Heyd & Stone Building; was he a manufacturer?—A. Not that I knew of.

Q. At that time, just before coming to the meeting were you then putting yourself in a position to make whole fuse complete?—A. I had already made a number of them.

Q. Complete?—A. Yes.

Q. Without having the component parts made outside?—A. Yes.

Q. Ever since has that been your practice?—A. Yes, make everything ourselves from the raw castings to the very least part that goes on to them before they are shipped.

Q. Assembling and loading?—A. Yes, everything.

Q. So that you have no sub-contracts?—A. None whatever.

Q. Mr. Ryan appears to have made an appointment with you at the Manhattan?

—A. Yes.

Q. You got there do you remember when?—A. I cannot tell you the day exactly, but about the middle of May.

Q. And introduced you to these gentlemen I have named?—A. Yes.

Q. Will you tell the Commission please just what took place at that meeting?—

A. It was not very much of a meeting, we were together about twenty minutes probably; I had samples of fuses with me which they examined and expressed themselves very much pleased with what they saw, and talked about the manufacturing of them. I told them that we manufactured those that they saw in their possession, the only fuses of the Russian design according to the Russians at that time that had been made in this country, and they were talking about having contracts to let. Of course I was anxious to manufacture, do anything I could in the way of making fuses, and after some bit of talk Mr. — I cannot remember the gentleman, there were two of them, I remember the names of Carnegie and Bertram, because one of the gentlemen gave the names to me on a piece of paper which I have at home, and if I remember correctly they said they were at the Drummond Building either here or in Toronto—

Q. Montreal it is?—A. And they asked about the fuses, the manufacture of them and the prices of them. I told them at the time I had no specific price, but was manufacturing them on a percentage basis, cost plus percentage. The reason of that was because no one on earth could tell at that time what these fuses were going to cost, and if any one had known at that time the troubles that were going to come afterwards they certainly never would have made a price of any kind; but the fuses that had been made in this country, I told them again, of the American design, had been offered at a price before the war of \$4.40 each.

Sir WILLIAM MEREDITH: When he speaks of this country he means what?—A. American design.

Mr. JOHNSTON: You mean made in America?—A. Yes.

Q. You are speaking from the New York point of view?—A. Yes. They expressed the opinion that that was rather a high price, and wanted me to commit myself to a price, which I would not do; I never have until recent date, because I know now about what they will cost. One of them suggested that he had known some of the members of the Canada Car Foundry Co. and wanted to know what the percentage basis was I was figuring upon, and I refused to give that, for the reason it was private business. He said he knew Senator Currie, and he said he knew he could get it from him.

Q. You had not objection to his getting it from him?—A. No.

Q. Go on please, and tell us what else took place on that occasion?—A. There was not much else took place except I expected to hear from them; they went away and I expected to hear from them, and I never heard anything from them except through Mr. Ryan.

Q. Was there anything said about Senator Currie's permission being required?—

A. Not that I know of. Senator Currie had not anything to do with my business, although there was something in regard to taking contracts, that if I took any contracts

[Wilfrid I. Ohmer.]



before doing it, through courtesy to Senator Currie I would let him know; I remember saying that.

Q. Was there any obligation on your part to let him know anything?—A. No sir.

Q. Were you under obligation to him to take no more contracts?—A. No, except if he had more contracts to place that he would come first.

Q. Did he have any more?—A. He had some probably.

Q. But none definite at that time?—A. No, not that I know.

Q. Was there anything said which would lead any one to believe or think that you could not take a contract unless you had Senator Currie's consent?—A. Not that I know of.

Q. You are the one that does know?—A. I certainly know, it was nobody's business but mine about taking the contract.

Q. And did you show him the fuses that you had?—A. Yes sir.

Q. You have some of your fuses here I understand?—A. Yes sir.

Q. You may be asked about it, I am not troubling you about that phase of it. The conversation lasted about twenty minutes you say?—A. Probably that, fifteen or twenty minutes.

Q. Can you recollect as nearly as possible what was said with regard to the fuses you produced as of your own making?—A. They seemed to be pleased with them.

Q. Were they examined closely by these gentlemen?—A. Very closely, taken apart and examined closely.

Q. What was said about letting you know later on, if anything?—A. I cannot repeat the conversation but I was led to believe that they were very much pleased with the fuses, and I was manufacturing them at the time and they knew it. I left them feeling that they were going to let me know something from them within a very short time.

Q. Anything further said about the price excepting what you have told us?—A. Nothing that I remember of.

Q. Was there anything said to them about that percentage at all?—A. Not that I know of.

Q. That is the percentage of profit over cost?—A. The amount given?

Q. Yes?—A. Nothing at all.

Sir WILLIAM MEREDITH: I thought the witness said a moment ago he proposed to do it on a percentage basis?

Mr. JOHNSTON: Yes, but the amount.

A. No amount given. They wanted to know what it was and I told them to see Senator Currie and get it from him.

Q. You talked to them about a cost basis with a percentage added, was there any amount of percentage suggested at that meeting?—A. No, we did not get down to details as close as that.

Q. Was there anything said as to where they should be made?—A. Not that I remember of, except it was assumed that we would make them ourselves at our own shop.

Q. From what took place on that occasion?—A. Yes.

Q. You did not see them again?—A. No.

Q. Were you in a position at that time as a fact to have duplicated your plant in this country and made these fuses if you had got a contract?

Sir WILLIAM MEREDITH: What do you mean by this country?

Mr. JOHNSTON: Canada?—A. I think we could have duplicated the plant.

Q. Or put in other plant, I do not mean to say duplicated exactly?—A. I think we could have duplicated the plant here.

Q. There is another matter; did you know anything at all of a gentleman named Sir Courtenay Bennett or any of his party?—A. I never heard of that gentleman till I saw his name in the book here the other day; and about his party I know nothing.

Q. That is the book of evidence?—A. Yes.

Q. Did you know anything about a gentleman named Dowler at that time?—A. I never heard of Mr. Dowler, never saw him, and I did not know he existed until I saw a reference here that I was in combination with him, which is absolutely false.

Q. Was your firm in combination or in touch with him or his firm or any member of it?—A. No, sir, never heard of the man before I saw his name in your books here.

Q. The Dowler-Forbes Co., let us take that as well; what do you say about that?—A. Never heard of them.

Q. Did you know of any company in existence similar in name to that?—A. No, sir.

Q. Were you totally independent of all these people excepting your connection with the Canada Car and Foundry Company?—A. Absolutely, and I was independent of them excepting the contract I had with them for turning out fuses.

Q. That is the only connection you had with them?—A. At that time.

Q. Did you know anything of the International Arms and Fuse Company or the American Ammunition Company?—A. At that time?

Q. Yes; of course since the investigation you have learned something?—A. No, I did not.

Q. Will you tell the Commission, please, what there is peculiar, if anything, about the manufacture of fuses that would render it either difficult, very difficult or perhaps impossible to many people to make—what is there in it?—A. Brains is the most important thing.

Q. Is there any insuperable difficulty in the way of intelligent mechanics making fuses?—A. Not if they know how.

Q. Who would tell them as to how they should be made?—A. The specifications and drawings.

Q. Take an ordinarily skilled mechanic, and place in his hands the specifications and drawings, what do you say?—A. He could not make it, not the whole fuse; he could make the parts probably.

Q. What part of the fuse could he make?—A. The metal parts, if he had the proper drawings and specifications.

Q. The mechanical parts?—A. Yes.

Q. What part would he find difficulty in looking towards the completion of the fuse?—A. The loading and the conditioning of the powder is the most important thing about it.

Q. How would you get that done—how do you do it?—A. I had some knowledge of mechanical things to start with, engineering, I had some little knowledge of chemical things, and I made up my mind if anybody in Europe could make an instrument of precision I could, and if I can do it there are other people ought to be able to do it.

Q. You call this an instrument of precision?—A. It is one of the most important, I suppose, known to mechanics.

Q. Have you succeeded in making them successfully?—A. Yes.

Q. All within your own shop, as you have told us?—A. Yes.

Q. Then we heard a great deal about the powder, what do you say about that?—

A. Well, without the powder the fuse is no good.

Q. We have heard a good deal about the difficulty of the loading and so on; will you tell us what your experience has been in that regard?—A. Our experience has been rather difficult for us to get the kind of powder we wanted; the powder in this country—

Q. That is in the United States?—A. Yes; the powder in the United States has been a meal powder. We are not using meal powder, we are using a powder made after a formula of our own given to us by a European, and insisting on having that powder made. After it comes to us we then condition it and take care of it in such a way as is necessary before using it.

Q. What do you do?—A. Condition it.

[Wilfrid I. Ohmer.]

Sir WILLIAM MEREDITH: Is that a secret?—A. No secret about it.

Mr. JOHNSTON: I am not asking the chemical qualities or component parts of the powder, I am merely taking the course of manufacture—you have no secret about that?—A. None.

Q. That is known to three or four thousand of your employees?—A. Yes, and you can send all Canada over there and we will tell them how it is done.

Q. Tell us how it is done?—A. The powder comes there, it is made at the powder mills to start with—do you want to go into the ingredients or—

Q. No; it is made according to your formula?—A. After it comes there it is put in the magazines first to rest, and then it is analyzed to see whether the proper ingredients are in it, and then we dry it, and then we put it into rooms so that it will absorb a proper amount of moisture; and after that is done we put it in the drying rooms again under several degrees of temperature, dry it thoroughly; after four and a half days it is ready for placing into time rings. It is placed into time rings under pressure, 64,000 pounds pressure, and it is left for six seconds under pressure so that it will not crystallize, and so that it will be properly pressed; and then it is immediately coated so that the moisture will not get into it; and then the rings are scraped down. After that it is put on to the mill and the face of the rings as well as powder is faced off. I have some here I can show you as an illustration. After that it is coated again with a certain kind of shellac, a mixture that is made in Europe—it is a foreign name and I have forgotten it, but it is something like a lacquer. After that it is put into dry rooms again under certain degrees of temperature. After that the parchment paper is placed on it, and then it is set at rest again. After the paper is on it is ready for assembling. That is the fuse powder. There are other kinds of powder used too.

Q. Who does all this particular class of work for you?—A. We do it ourselves under our own roof.

Q. Have you special experts for that purpose?—A. Experts, we have engineers out there, but mighty few experts; we have some that you can call expert.

Q. We have been told or led to believe that it requires very expert knowledge to do this class of work, specially trained men with expert knowledge; what do you say?—A. Well, it takes a good deal to learn how to do it, and after they have a knowledge of how it is done, and to have it put through the processes which are necessary, it is easy enough.

Q. Who does the most of your work in your factory, men or women?—A. We have about 3,500 women, and about a little over 3,000 men; we have about 6,600 people at work, that is the last enrollment.

Q. The women, do they attend to all this just the same as the men?—A. Much better than the men.

Q. How long does it take you to train these women to do this class of work for you?—A. Three or four days.

Q. Is that the powder and all?—A. No. When it comes to working in the rooms we have men doing the pressing—no women in there. The women are in the assembling rooms and on the screw machine, drill presses or automatic machines, and in the assembling.

Q. Apart from the putting of the powder in the rings and attending to that phase of it is there any difficulty about the balance of the work at all?—A. Oh, yes.

Q. What it is?—A. Why, the assembling. If the parts were on the table before me—there are 56 parts in the fuse—I can assemble those before you here possibly in half a minute, but it takes five days to assemble the fuse after all the parts are ready for you.

Sir WILLIAM MEREDITH: Does that mean that you are so expert?—A. No, Mr. Commissioner; for example after the rings are together we have a machine that we call a key that keys the rings down and forces them down under a pressure of 13½ pounds; that is put away for 48 hours in the drying room so that the cloth below

will seat itself. Those are taken out again and loosened up, and then keyed down under 16½ pounds and left for 48 hours in the drying room. After that is taken out the beeswax is put on different parts.

Q. What you mean is the assembling of the parts would take a short time, but to complete it and go through the process of drying and pressing and so on would take a few days?—A. Yes. Before that assembling, however, the metal is coated with a shellac and is heated under different degrees of temperature as high as 260 degrees.

Q. You have read the evidence I understand, of some of these witnesses in regard to your connection with the matter?—A. Some extracts only, I have not had time to go over the whole thing.

Q. Do you want to make any comment upon any of those extracts?—A. I have not seen but a few, but I do want one thing understood, that I had no connection with the Dowler-Ryan-Ohmer people.

Q. Or Sir Courtenay Bennett people?—A. I never heard of him before this came up. There is one thing I would like to know why, when these gentlemen were down to see me and I showed them the fuses, and we made the fuses, and were the only ones that I know of at that time that had made fuses in this country, they did not show me the courtesy anyway to let me know something about it after me going to the expense of going to New York and seeing them, why they did not let me know about placing the order.

Q. What was your capacity at that time to proceed with a contract of two or three million fuses?—A. I could have taken the contract, would have taken it.

Q. Who else besides you were making complete fuses?—A. The only ones in America making complete fuses that is known so far is the Scovill Manufacturing Company and ourselves.

Q. When could you have commenced the manufacture of fuses under a Canadian contract?—A. I would have begun on the tools immediately. It takes tools to make fuses, and it would have taken some months to make these tools. I told these gentlemen, I remember quite distinctly, that the time in which they wanted these fuses was too short a time to produce them properly in the numbers they wanted—I have forgotten the numbers in which they wanted, but I do remember telling them that.

Q. Do you remember the time they mentioned?—A. No, but it was like all the other contracts with regard to time, sixty days and three months.

Q. And you could not do it within that time?—A. No.

Q. You say you could have done it within what time making an effort?—A. I cannot tell you now exactly the time, but I could have done it quicker at that time than any previous time, because we were making tools that could be used on the English fuse as well as on the Russian or American design of fuse.

*By Mr. Hellmuth:*

Q. Mr. Ryan was the gentleman who introduced you to the members of the Shell Committee?—A. He introduced me to Mr. Carnegie and Mr. Bertram, if they are the Shell Committee he did.

Q. Yes, they are. And did he not advise you of the correspondence that took place between him and General Bertram or Mr. Carnegie afterwards in regard to the matter?—A. Mr. Ryan?

Q. Yes?—A. Yes, sir, I have the letters with me that you can see.

Q. I thought you said you were astonished you had not heard anything, but apparently there was some correspondence after you met them which was carried on between General Bertram and Mr. Ryan?—A. Yes.

Q. You saw that?—A. Yes, I saw that, but General Bertram and Mr. Carnegie as I understood were to communicate with me.

Q. Did you see that correspondence at that time?—A. It was not made until afterwards.

[Wilfrid I. Ohmer.]

Q. Did you see it at the time that it was written and received by Mr. Ryan; did Mr. Ryan show you the letters when he got them?—A. I saw none of the letters that he received from these gentlemen, not one.

Q. That is what I was asking you?—A. No.

Q. These letters passed, because apparently Mr. Ryan did not keep you advised of what was going on. Mr. Ryan, for instance, wrote on the 18th May (Exhibit 62) to Mr. Carnegie, saying:—

I have been giving some little thought to the interview Mr. Ohmer and myself had with yourself and General Bertram yesterday afternoon at the Manhattan, to see if anything can be devised to adapt ourselves to fulfilling the contract requirements for the fuses that you may wish to place.

Irrespective of the profit that may be made out of this work, I feel, and I think Mr. Ohmer does also, that the principal thing is to supply these fuses within the time specified and to supply the proper, perfect fuses.—Did you not see that letter that Mr. Ryan wrote to Mr. Carnegie?

A. No, sir, I was not in New York at the time.

Q. Was a copy of it sent to you?—A. Not that I know of.

Q. You would not know anything about that letter?—A. I might know something about it. I have some correspondence here that may refer to any letters written as far as dates, but I know nothing about that letter.

Q. It goes on to say, "And with that in view do you not think that the plan proposed by him, namely, to supply them at cost price plus a reasonable percentage of profit would assure your securing the fuses in the quantities desired, and also securing the perfect fuses that you of course will require." It is quite a long letter and there is nothing there except that he desired him to carry out that suggestion.

Mr. NESBITT: Read the next paragraph.

Sir WILLIAM MEREDITH: Will you find out what the relations between Mr. Ryan and the witness were.

Mr. HELLMUTH: What were your relations with him in this matter?—A. My relations were nothing more than he introduced me to these two gentlemen. We had no understanding whatever.

Q. Was Mr. Ryan making any advances at all to you in money?—A. No, sir.

Q. Not at any time?—A. Not a dollar.

Q. Was Mr. Ryan a commission broker, did you so understand that he was bringing some one in touch with you?—A. I understood him to be like many others in New York, if you bow to them and they see you talking to a gentleman, they will go down and claim a commission from that man; he is one of that kind.

Q. Would you be talking to Col. Carnegie or General Bertram if it had not been for Mr. Ryan?—A. No, I think not.

Q. So that we may get this, that Mr. Ryan did bring you in touch with them?—A. Yes.

Q. And did you expect to pay Mr. Ryan if anything came of it?—A. I imagine he would claim something, but I had no understanding on that whatever; and I made up my mind long enough that I would pay commissions to nobody, and if there was any commission it would have been known by these gentlemen who were there, because in making these fuses I made up my mind to make them only for the Governments.

Q. Is it a fact that Mr. Ryan at the present time is suing you for commission?—A. Mr. Ryan is suing me for profit, a personal profit on some business that I had before he introduced me to a gentleman by the name of Mr. Mackie, who was employed by the people whom I had been doing business with.

Q. Is he suing you for a commission of 40% on the Canadian Car and Foundry order for Russian fuses?—A. That is what he is doing now.

Q. Ryan was not the kind of person then unless he could work up some business for himself who would help any one I take it? He was not a philanthropist, he was not in the business to bring people together and get nothing out of it?—A. I am afraid not.

Q. Well, whether afraid or not, that is probably the fact?—A. As far as I know

Hon. Mr. DUFF: He is not an uncommon sort of person in New York in that respect?—A. No.

Mr. HELLMUTH: Did you know that \$4.60 had been quoted as a price from you?—A. No, I did not.

Q. You never even knew that?—A. I did not know it.

Q. So if Mr. Ryan had quoted that as the price if you did not go on the percentage basis you knew nothing about it?—A. He could not have quoted a price and have me confirm it, because I made no prices.

Q. I am not doubting that. But I am merely asking if you knew a specific price of \$4.60 was quoted as the price that you might consider if you did not work on a percentage basis?—A. No.

Q. You knew nothing about it?—A. No.

Q. There is a lot of correspondence in. Then let me understand your view about deliveries?—A. May I say one word here?

Q. Yes?—A. Because you are skipping from one time to another. Subsequently to this time I received letters from Mr. Ryan, and it is possible that that price might have been given in a letter to these gentlemen, or I might have seen it in these records, but at the time we were discussing this thing there was no flat price.

Q. But I am asking whether after you had discussed it. You said, if I understood you, that you never heard another thing from them after you discussed it directly or indirectly?—A. I did not say indirectly. I never heard from these gentlemen I was talking with.

Q. Did you hear from Mr. Ryan that they wanted you to give them a flat price, and did you give a flat price of \$4.60?—A. I don't remember ever hearing from Mr. Ryan in regard to that, nor did I give them a flat price as far as I can remember.

Q. That is as far as you can go?—A. Yes.

Q. Because apparently we find in the correspondence that Mr. Ryan gives a flat price, that nothing would be considered lower than \$4.60?—A. He gave that without any authority from me.

Q. Now, you were speaking of deliveries. What would you say when you first took up this business was the earliest time within which you could have commenced deliveries?—A. In what quantities?

Q. Well, in small quantities to start with?—A. Well, you take it—

Q. When you first took it up in March, for instance, what would you say would be the time within which you could reasonably expect to make deliveries, first in small quantities, then in large?—A. First I thought within three or four months. That is before I knew what we were up against.

Q. First you thought within three or four months?—A. Yes.

Q. And would it be correct to say that when you took the contract with the Canadian Car and Foundry Company, that was a contract for two million Russian fuses?—A. Yes.

Q. And the Russian time fuse is not very different from the 80 mark 5, is it?—A. Yes, considerably different.

Q. Easier or more difficult?—A. More difficult than any others I have seen. I have not seen the British fuse.

Q. Then you do not know anything about the British fuse?—A. No.

Q. Then please do not say that it is more difficult?—A. It is more difficult than other fuses. There are lots of them.

[Wilfrid I. Ohmer.]

Q. Major Hawkins said that the 80 mark V was the most difficult fuse he knew of. At all events, you cannot speak as to that?—A. That is the British fuse?

Q. Yes.—A. No, but I do know about the American time and the Russian time.

Q. Did you know anything about the Russian fuse at the time you took the Canadian Car and Foundry Company's contract?—A. Yes, I built some of them and had them finished in my shop. But I would like to ask you to show me the British fuse. I can tell you then which is the most difficult to make.

Q. That will come. Will you please let me get on with my examination. You had already made a Russian fuse when you took their contract?—A. Yes.

Q. You say you thought you could do it within three or four months?—A. Yes.

Q. Within what time did you first contract to make deliveries to the Canadian Car and Foundry Company?—A. I contracted to deliver within three and four months, if I got specifications and drawings in time.

Q. You contracted to deliver 40,000 by the 15th of June?—A. Yes.

Q. 40,000 by the 22nd of June, 40,000 by the 29th of June, 40,000 by the 6th of July, and then 90,000 every week after that, did you not?—A. Yes.

Q. When did you make your first deliveries?—A. The first deliveries were made in December, if I remember right.

Q. So that it was six months after you had contracted to deliver that you made your first delivery, is not that so, and then it was 2,820?—A. Yes, but it was over three months after I signed the contract before I got the proper specifications and drawings.

Q. And as a matter of fact would it be correct to say that up to the end of April you had only delivered 205,620 fuses that had been accepted and passed?—A. May I get my papers and see what passed?

Sir WILLIAM MEREDITH: Certainly.

Mr. HELLMUTH: I am asking whether to the 27th of April, 1916, the total number of time fuses tested and accepted by the Canadian Car and Foundry Company was 205,620?—A. Well, I have not that April date, but I can give you two of June when the last report came. Is that close enough? We delivered, passed by the Russians and shipped, 446,554.

Q. That is to the 2nd of June?—A. That is to the 2nd of June. We have assembled in the plant completed—

Q. I am not asking that.—A. I am answering your question.

Q. No, I am not asking you that. I am asking you what you have had accepted by the Canadian Car and Foundry Company. I am coming to the other in a moment. I want to follow this matter through. I will give you of course every opportunity to state that in time. So that as a matter of fact are these figures correct: On December 9, 1915, you had tested and accepted 2,820?

Sir WILLIAM MEREDITH: Let him check them one by one.

WITNESS: Plus 180.

Mr. HELLMUTH: Plus 180?—A. Yes.

Q. December 10, 2,820. Is that right?—A. That is right.

Q. February 4, 6,000?—A. 6,000, right.

Q. March 6, 27,000; is that right?—A. 27,000, right.

Q. March 31, the next shipment, 56,700?

Sir WILLIAM MEREDITH: Are these all additional?

Mr. HELLMUTH: These are all additional. They are the shipments.

Q. 56,700?—A. That is correct.

Q. April 8, 25,020?—A. Yes, 25,020.

Q. April 20, 50,040?—A. \$50,040, that is correct.

Q. April 24, 11,160?—A. No, there is 24,060.

Q. That is April 27, 24,060?—A. There is another one you have passed by.

Q. I have April 24, 11,160?—A. All right, I will check that up. There is one, 11,160.

Q. And then April 27, 24,060; making the total up to the 27th of April, plus your 180 you have mentioned, 205,620. There has never been—A. Now, wait a minute. Your dates given there are the dates of some of these shipped, but they are not the dates and you have not all the records of all that have been inspected and passed. I will give you that. As long as we are on this let us get it.

Q. I may tell you that the figures I am giving you are from the Canadian Car and Foundry Company?—A. I cannot help that. I will give you the figures from our books.

Q. I am speaking of what are actually tested?—A. That is what I am going to give you.

Hon. Mr. DUFF: He has those and others, but you have not given the dates.

Mr. HELLMUTH: Quite so. I have some for May here?—A. You must remember this, that we have fuses passed, and after they are passed and should be sent to Russia as soon as possible they are kept for some reason without going. I want to tell you something here, I want to post you properly.

Q. I do not really care very much for your telling me things so long as you answer my questions?—A. I want to tell the truth, I want to give the facts.

Q. I am giving you every opportunity to tell the truth. It is not a question of shipping. The question I am asking you is in reference to the fuses that are actually tested and accepted by the Canadian Car and Foundry Company, whether they have gone to Russia or not. You are entitled to credit for all such fuses?—A. Don't worry about that. We have a lot passed that are not on your list, and that you don't know anything about, or if you know anything about you have overlooked. You cannot get the right reports without they come from our books. I have them. Now, sir, up to the time I left home we had nine lots of 25,000 in a lot that had been passed by the Russians and have not been shipped, for reasons that I don't know anything about, some of them as far back as May 2, and every one of them should be on the firing line in Russia to-day. Why don't they go? These are inspected and passed by the Russians and we are getting credit for them.

Q. I have not got to May, I am asking about April?—A. That is all right.

Q. If you will give me April. You can give me May when we come to it?—A. All right, go ahead.

Q. Is that right up to the 27th of April, or have you anything up to the 27th of April in addition to those I have given you?—A. Take it for granted that that is right as far as you know and as far as I know. I am not going back over the books of record, but I have records here up to date, and the records of what have been shipped to Petawawa, and the records of those passed that we are holding for purposes I don't know of. We are holding them, but they ought to be shipped. They are all right, they are all good, and they have been inspected and passed upon. We have about 225,000 of them in our own buildings now. We have to build storehouses for them.

Mr. NESBITT: I thought they were passed at Petawawa.

Mr. GRANT: So they are, but they are not all shipped there, they are only tested there.

The WITNESS: We have the test boxes shipped there.

Mr. HELLMUTH: Who does the testing at Petawawa, is it Colonel Mackie?—A. I think Colonel Mackie. I know he is stationed there.

Q. Is he not the inspector for the Canadian Car and Foundry Company on behalf of the Russian Government?—A. He is up there. I don't know just what his position is. He is there testing.

[Wilfrid I. Ohmer.]



Q. Have you got a copy of that contract there with the Canadian Car and Foundry Company?—A. No, I have not.

Q. Does it appear in that contract that your company, the Recording and Computing Machines Company, is not to be responsible for the functioning and ballistic qualities of the time fuses?—A. That is right.

Q. Which are made in accordance with the specifications and instructions of the inspector?—A. That is all right.

Q. So your company is not actually responsible for the proper functioning if you have made them according to the specifications?—A. That is right; but we are making them according to that and they are passing.

Q. Quite so. But the Canadian Car and Foundry Company have to take the risk of the gunfire test in regard to functioning properly; you have only to make them according to specification?—A. That is all.

Q. Have lots of these fuses been rejected for prematurely exploding?—A. We get the report.

Q. Have you got that report? I will call Colonel Mackie.—A. I want to answer your question so the Commissioners will understand. The fuses are put on to shells and fired. The tests at home are perfect. We have had some prematures, but we don't believe that these prematures are caused by the fuses. Not believing that, some of the shells were shot without fuses, and they were prematures. Now, I could tell you the reason if I wanted to why. You will have as many prematures show probably without fuses to them as you have with the fuses, and I think if you put the fuses on there will be fewer prematures than if you shoot them without the fuses.

Q. I am asking if this contract you had provided for cash advances by the Canadian Car and Foundry Company?—A. I tell you, gentlemen, I will answer this question, but you are going too far in a personal business, and I don't think I am here to answer this question. If the Commissioners insist upon it I will do it, but I don't think that has anything to do now with my coming here and testifying in this matter.

Q. I am afraid it is, because one of the matters here is, that cash advances were made to the International and American Ammunition Companies.—A. That is not the Recording and Computing Machines Company. I know nothing about their business.

Sir WILLIAM MEREDITH: Won't it answer your purpose to know whether the contract provides for advances, without going into the amount?

Mr. NESBITT: Speaking for myself, it will not answer. I will tell you why, and Mr. Ohmer will understand in a moment. He has stated what according to my instructions is quite contrary to the fact in one sense, it may be correct in another, that he was prepared to put up all these buildings and all these works. My instructions are that every dollar practically of this four million dollars was advanced by the Canadian Car and Foundry Company, that his company's ability to finance was nil. That becomes essentially important in view of his statements, if he is being put forward here as representing a company that, without the concurrence, co-operation, assistance and financing of the Canadian Car and Foundry Company, could have taken this contract. My instructions are that they could never have touched anything without such advances. Therefore I think the information is pertinent.

Mr. HELLMUTH: I should think this witness, from Mr. Johnston's examination, was put forward as the man to whom properly these contracts should have been allotted.

The WITNESS: I have advances, Messieurs Commissioners, but I have put up security for every dollar that has come to me, and we can put up more if necessary.

Mr. JOHNSTON: All that private information has been refused in the case of other witnesses.

Mr. NESBITT: No.

Mr. GRANT: He has answered it anyway.

Hon. Mr. DUFF: Mr. Ohmer, as I stated before when Mr. Cadwell was in the box, I very strongly sympathize with the objection against men who are engaged, as you are engaged, in producing munitions for the Allies being harassed to disclose their private business. It was on that ground I supported the ruling that Mr. Cadwell should not be called upon to disclose his private business. I do not say that that is my final opinion, but for the moment at all events I think the same principle applies to you. I may say this, however, that this evidence can be secured from the Canadian Car and Foundry Company. In view of that do you think it is the sort of objection that you ought to insist upon? Is it not better really to give the information?

Mr. HELLMUTH: I do not want to press it at all.

Hon. Mr. DUFF: I am suggesting to Mr. Ohmer that, in view of the fact that the evidence referred to by Mr. Nesbitt can be got by calling the Canadian Car and Foundry Company, he is making a point that after all has not very much substance in it. That is merely my suggestion to you, Mr. Ohmer.

The WITNESS: I answered the gentleman by saying advances were made on all contracts, but I gave personal security for it, and they are secured for every dollar that has been put up.

Mr. HELLMUTH: Mr. Ohmer, is it not a fact that the contract calls for a surety bond, which was not given?—A. The contract calls for it, I was ready to give it.

Q. Was it given?—A. That was not given, for reasons that were beyond my control. I was ready for it.

Mr. NESBITT: The Surety Company was not, unfortunately.

The WITNESS: But the Canadian Car and Foundry Company were not.

Mr. HELLMUTH: But is it not a fact that when you say four million dollars was put into this matter, the whole four million was put up by the Canadian Car and Foundry Company?—A. I don't know who put the money up. We had the money there. There was not four millions. You asked awhile ago, if I understood you, how much money was spent or the money invested there. Since that time we have delivered fuses to this considerable amount, which makes the net amount probably of the money that is invested there upwards of three and a half million dollars.

Q. But that is all Canadian Car and Foundry Company's money. It was all theirs until you delivered fuses?—A. No, it was not.

Q. Wasn't it?—A. No, sir. I had in that business \$1,800,000 in cash before I took the contract.

Q. But you did not put any more up for the fuses, all the money that was advanced for the manufacture of the fuses came from the Canadian Car and Foundry Company. So I am instructed by the Canadian Car and Foundry Company.—A. They must be right then. I know nothing about their books.

Q. And is it not a fact that you practically could not lose a dollar on your contract, that you were to get the manufacturing cost, plus a percentage?—A. According to Mr. Cohen there won't be anything left when I get through. I haven't made a dollar yet.

Q. I know, because it has turned out such a difficult proposition. But as a matter of fact you were to get the cost of manufacturing paid you by the Canadian Car and Foundry Company, with a profit of a minimum of 25 per cent, and a maximum of 45 per cent over and above that. Is not that so?—A. I was to invest—

Q. But is not that correct?—A. No, it is not correct, for the reason that I was to invest my own money and supply all the machinery and everything that was not special in the way of making these fuses. I bought the machinery and put up the buildings, and all those buildings and all that machinery are at my cost.

Q. Who advanced the money for all that, the Canadian Car and Foundry Company?—A. No, the Russians.

[Wilfrid I. Ohmer.]

Q. That is the Canadian Car and Foundry Company?—A. Not any more so than I advanced.

Q. Anyway, it was not Mr. Ohmer or the Recording and Computing Company of Dayton, Ohio, who put up the money for that?—A. They had the business, and the company, the Recording and Computing Company, has been in business for years.

Q. Do you think that you could have furnished in less time a fuse that you did not know anything about than a fuse that you did know something about? Do you think you could have furnished the British time fuse, in regard to which you did not know anything, quicker than you could make deliveries of the Russian fuse, which you did know about, so far as time was concerned?—A. I know nothing about the British fuse, except that I understand it was a simpler fuse than the Russian one. I never saw the British fuse to my knowledge. But from all I can learn it is a much simpler and easier proposition than the Russian, because it is made out of material that is different.

Q. When did you make your first fuse?—A. 1914.

Q. And you had had no knowledge of fuse making before that?—A. No.

Sir WILLIAM MEREDITH: Mr. Carvell, have you any questions?

Mr. CARVELL: I want to ask this witness a few questions in sort of re-examination, if I may be allowed to do so.

Sir WILLIAM MEREDITH: All right. I suppose there will be no limit to the questions. Go on, Mr. Nesbitt.

*By Mr. Nesbitt:*

Q. Would it be fair to put this as a summation of the situation, Mr. Ohmer? The Canadian Car and Foundry Company let to the Recording and Computing Company—is that the name of it?—A. The Recording and Computing Machines Company.

Q. The Recording and Computing Machines Company a contract for two million Russian fuses?—A. Yes.

Q. That contract was on the basis of cost and percentage?—A. Yes.

Q. Not on the final price?—A. No.

Q. So that they took the chance of what it would cost?—A. Yes.

Q. Much or little?

Sir WILLIAM MEREDITH: Unless you are coming to it, Mr. Nesbitt, you might ask him what items went into the cost, because I understand from the observation you made that they supplied all the tolls.

Mr. NESBITT: I was coming to it. But Sir William Meredith puts it more neatly than I was getting at it, Mr. Ohmer. What was included in the cost on which they were to pay, what was covered by that? Is that expressed in the contract?—A. Yes, it is.

Q. Then will you tell us what that included?—A. I cannot tell you offhand. The gentlemen here has, I think, the contract, because he has read part of it, and he may tell you.

Q. I would like you to tell me. You have stated that something was not in it, which, I may tell you, I think is incorrect; I think it is in it. But tell me now and perhaps we will get the contract, what was covered under the head of cost, what were they to pay for?—A. The gauges, the small tools such as cutters, jigs, and labour.

Q. Anything else?—A. Well, that includes the overhead cost of course, that is labour practically.

Q. Yes.—A. Special tools—that is all I know of.

Q. What tools did it not include?—A. It did not include drills, presses, automatic screw machines.

Q. Just let us deal with them. What would be the cost of the drills and presses used for that order, or did you already possess those?—A. Possessed a lot of them.

Q. What would be the cost of them?—A. Taking the large tools. I cannot tell you the cost of the drills separately, but I imagine a million dollars.

Q. A million dollars?—A. Yes.

Q. And those were already in use in your business?—A. Not all of them.

Q. To what extent was that not so?—A. Well, we had probably half of the tools.

Q. Now, anything else not included?—A. Oh, I can't go into details without having my records. If I had my book-keepers or accountants they could tell you.

Q. I should have thought you carried a contract of that importance in your head.—A. I have more important things when I have stenographers, book-keepers and accountants looking after that.

Q. But you have not the contract with you?—A. No, I have not.

Q. Nor a copy of it?—A. No, I have not.

Q. And you do not remember the contents of it?—A. No.

Sir WILLIAM MEREDITH: He did not mention in the items including cost, materials.

Mr. NESBITT: Did they pay for the material under the head of cost?—A. All material goes into cost.

Q. Of every nature and kind soever?—A. Yes.

Q. All labour?—A. Labour.

Q. All overhead expenses?—A. All overhead expenses.

Q. All special tools?—A. Yes.

Q. All special fixtures?—A. No. What do you mean by that, special tools and fixtures?

Q. Exactly what I say?—A. Explain, because I don't know what you mean.

Q. What do you call tools and fixtures?—A. I call special tools and fixtures, jigs, gauges.

Q. No, gauges are not tools. Do they pay for all gauges?—A. If you say they are not tools I beg to disagree.

Q. I have understood they are not, that they mean something different. Do they pay for gauges?—A. Certainly they do.

Q. All gauges?—A. Not all gauges, no.

Q. All gauges used in the manufacture?—A. All gauges used in the manufacture of the fuses, yes.

Q. That is all we are talking about?—A. No. You don't know much about manufacturing, do you?

Q. Not very much; but I think I know a little about Mr. Ohmer's contract?—A. Well, you are talking about the manufacture, and what constitutes tools and what does not.

Q. Just answer my question, please. Do they pay for all gauges used in the manufacture of these fuses?—A. Gauges for the fuses? Presently so, yes.

Q. And for all material?—A. Yes.

Q. All labour?—A. Yes.

Q. All overheads?—A. Yes.

Q. And you said all special tools and fixtures?—A. Special tools and fixtures. If you include that in them, all right, go ahead.

Q. And what were not included were presses, drills, etc., which you already had on hand and to which you added?—A. Mills, automatic screw machines.

Q. What do you call mills?—A. Don't you know what a mill is?

Q. No?—A. It is a machine for cutting and operating metal, facing metals, making tools.

Q. Those can be used in other business than the manufacture of fuses?—A. Yes.

Hon. Mr. DUFF: I do not know what you mean by overhead?—A. Overhead is the office expense.

Mr. NESBITT: Management expense, I think.

[Wilfrid I. Ohmer.]

Hon. Mr. DUFF: I would rather have it put specifically. Then also the point we have had impressed upon us so much on other occasions, amortization, whether there is anything for that.

Mr. NESBITT: You have heard Mr. Justice Duff's question?—A. I did not get the last word.

Q. Amortization?—A. What do you mean by that?

Hon. Mr. DUFF: Mr. Nesbitt will explain it. It is his favourite phrase.

Mr. NESBITT: You take the cost of any special machinery and it is practically spread over the order and taken care of in the price. It would be necessarily involved in this if they are to pay the cost.

Hon. Mr. DUFF: I suppose that is covered when you say that they were actually to pay for the special machinery?—A. Well, special tools. You see, Mr. Commissioner, there are different kinds of machines. You can call them tools and machines. Some are automatic tools, some are hand tools. It would be very hard to know what is special machinery. Maybe it would be special machinery to the place and still machinery that would be applicable to making anything else, to making recorders, for example.

Q. Perhaps you will explain overhead charges?—A. Overhead charges, the charges of the offices and the non-productive force, the bookkeepers, the auditors, the treasurers, the cashiers, and all salaries and expenses that will enter into the operation of the business that is not productive.

Q. You mean the proportion of that that is applicable to this particular contract?—A. Will go into the cost.

Mr. NESBITT: Now, on that contract being signed they were responsible for that, and they were responsible, as you have said, for the fuses passing gun fire?—A. I don't get that.

Q. They were responsible for all these costs, and also responsible for the fuses passing gun fire?

Hon. Mr. DUFF: He was not responsible.

Mr. NESBITT: You were not responsible?—A. I am not responsible for the functioning of the fuse. The reason that was put in, it was not me, it was the other, I knew nothing about that kind of fuse at the time.

Q. Now, immediately on the signing of that contract the Canadian Car and Foundry Company advanced you \$750,000, did they not?—A. No.

Q. How much?—A. I don't know; that was strung along for some months.

Q. But they did advance that shortly afterwards?—A. They advanced more money than that, if you put it that way.

Q. They advanced \$750,000?—A. Yes.

Q. For that they were to get a surety bond?—A. At the start that was the understanding.

Q. They did not get the surety bond?—A. No.

Q. That covenant was waived?—A. I don't know anything about that.

Q. In September, 1915, no fuses had been delivered; that is correct?—A. I don't remember that, I can't think of those dates, but we had fuses before that time.

Q. The first I have got here is December 9, 2,820?—A. Well, call it that.

Q. So in September no fuses had been delivered; that is correct?—A. We will assume so for the time being.

Q. No, I do not want you to assume so for the time being, I want you to state it.—A. I have not any records, I do not know. We made fuses before that time and sent them to several places, there were deliveries, I know that.

Q. The statement you made to Mr. Hellmuth was that the first fuses were accepted December 9, 1915, and they amounted to 2,820, plus 180; is that correct?—A. The first record I have up here that the gentleman spoke about a while ago is the first lot that was shipped after the tests were made with the first control lot.

Q. Is that December 9?—A. I have it here December 10.

Q. Were there any accepted before that date?—A. Yes, by the Russians, the Russian inspector.

Q. I mean at Petawawa, accepted under your contract by the Canadian Car and Foundry Company?—A. This is the first control lot that was shipped as far as I have it here.

Q. Will you answer that plain question?—A. I have.

Q. Were there any accepted under your contract by the Canadian Car and Foundry Company prior to December 9, 1915?—A. Not that I have any record of with me.

Q. Then in September had the Canadian Car and Foundry Company already advanced up to \$900,000?—A. I don't know.

Q. You don't know. Did they because of pressure from creditors of yours have to make you a further advance at that date of \$373,000?—A. No, sir.

Q. You deny that?—A. I deny that.

Q. And did they thereafter, in order to keep you going, have to advance up to March 13, 1916, \$3,267,000 odd?—A. Well, they advanced that much money for purchases and other expenses that were required for turning out these fuses.

Q. Well, we will take that. And up to that date had they only received 38,640 fuses?—A. I don't know.

Q. Accepted?—A. I don't know.

Q. Will you deny that that is the fact?—A. No, I won't deny it, because I haven't any records except these.

Q. Was the time of performance then extended to the 31st of August, 1915?—A. The time was extended, I don't remember the dates.

Q. You don't remember the dates?—A. No.

Q. Were you giving your whole time and attention to the production and acceptance of these fuses?—A. Absolutely to the production of the fuses.

Q. Of these fuses?—A. Which fuses?

Q. The Russian, for the Canadian Car and Foundry Company?—A. Gave all our time to the manufacture of the fuses.

Q. Of the Canadian Car and Foundry Company. Had you any other contracts?—A. Yes.

Q. In addition thereto?—A. Yes.

Q. With whom?—A. I decline to answer that.

Q. How many?—A. I will not go into that.

Q. Was it more than a thousand fuses?

Hon. Mr. DUFF: Was it in connection with the Allies?—A. I have two contracts with the Canadian Car and Foundry Company. When I say two contracts, there were two orders, one for two million, another for half a million.

Mr. NESBITT: That is for the Canadian Car and Foundry Company?—A. Yes.

Q. In addition to that you had, had you not, sir, a contract for one thousand fuses to be delivered for a specific purpose for the establishment of an arsenal?—A. No, sir.

Q. A thousand fuses, if it was not more, the other contract?—A. Ask that question again.

Q. Was it for more than 1,000 fuses, the other contract you have spoken of?—A. You said something about the arsenal.

Q. Never mind the arsenal, sir. Was it for more than one thousand fuses?—A. I have other contracts.

Q. Are they for more than one thousand fuses, sir?—A. Am I obliged to answer that, Messieurs Commissioners?

Sir WILLIAM MEREDITH: Mr. Nesbitt, if the witness says he does not desire to answer that question, we will not compel him to answer it.

[Wilfrid I. Ohmer.]

Mr. NESBITT: Very well.

Q. Will you answer this question; the contracts you speak of were not for the Allies?—A. I won't answer that.

Q. Had you, prior to March, 1915, had any experience in the production of time fuses?—A. Not specifically time fuses, but in instruments of a similar character.

Q. I asked you about time fuses. I will repeat it. Had you any experience, prior to March, 1915, in the making of time fuses?—A. Yes, sir.

Q. In the production of time fuses?—A. Yes.

Q. You had?—A. Yes.

Q. Tell me what time fuses you had produced?—A. For the Russians.

Q. How many, prior to March, 1915?—A. Yes, prior to 1915. I answered that a moment ago.

Q. When?—A. In the latter part of 1914.

Q. Sample fuses, were they?—A. Yes.

Q. How many?—A. Half a dozen or more.

Q. As a factory matter, as a matter of production in the factory under a contract had you had any experience in making time fuses?—A. No, not in large quantities.

Q. Were you assisted by any expert Russian instructors?—A. Very much.

Q. Did the contract require that?—A. No, not that I know of.

Q. But you got it?—A. Yes.

Q. Were you assisted by Russian inspectors being put into the factory to guide and to help?—A. Very much.

Q. Did the contract require that?—A. It required that inspectors should be there, yes.

Q. But not that they should assist in education?—A. No, sir.

Q. Up to date at least, or up to April of this year, 1916, on a contract for 2½ million fuses requiring an advance of \$750,000 there has been in fact advanced over four million dollars and about 200,000 fuses have been accepted; that is the net result?—A. I don't know anything about your dates, but we have shipped already 476,000.

Q. Answer the question, or say you cannot. I am trying to put it in a simple manner?—A. Put it so that I can understand it.

Q. I will put it in just a sentence. On a contract for 2½ million fuses, delivery on which should have been started at the rate of 40 thousand a week on the 15th of June, 1915, reaching 90,000 per week by the end of July, and continuing at the rate of 90,000 per week thereafter up to April, 1916, there had been accepted by the Canadian Car and Foundry Company 205,000 fuses. Is that correct?—A. May I make a statement when I answer that question, Messrs. Commissioners?

Sir WILLIAM MEREDITH: Answer it first.

Hon. Mr. DUFF: There is an element in that question that I am sure that, unintentionally of course on the part of Mr. Nesbitt, is unfair to the witness, because he said that the time of the commencement provided for in the contract was not in reality the time of commencement owing to some trouble in regard to the specifications. The question assumes that the time for commencement was the time named in the contract.

Mr. NESBITT: In June.

Hon. Mr. DUFF: I understood the witness to say at an earlier stage that strictly he was not bound to that time of commencement because of a certain provision or something in regard to the specification.

Sir WILLIAM MEREDITH: I think the question was directed to the delivery of a certain amount by a certain date.

Hon. Mr. DUFF: Mr. Nesbitt started with a recital of a certain contract which provided for commencement of delivery by a certain date. That is the point. There is that objectionable element in the question.

Mr. NESBITT: My question is all right, I think. He might, if he so desired, say that that is true, but that he had a right to have the time extended. I am not quarrelling with that at all.

Sir WILLIAM MEREDITH: We have all that already. If the statement agrees with the figures, Mr. Hellmuth asked him about, it is only a matter of putting them together, only a question of adding them up.

Mr. NESBITT: Coming then for a moment to Mr. Ryan, did Mr. Ryan pay all your expenses in New York at the time you were down there?—A. No sir.

Q. Did he pay anything on the expenses?—A. Not a dollar that I know of.

Q. Did he advance you \$1,000 at that time?—A. He did not, not a dollar.

Q. Did he keep you informed of the correspondence he was having with Colonel Carnegie and General Bertram?—A. He kept me informed of some letters which I have with me, but whether they are in full or not I do not know.

Q. Let us see if he informed you of this. The only suggestion I understand you made to General Bertram and Colonel Carnegie was, cost and percentage?—A. That is the only price which I gave them at that time, or to anybody.

Q. The only suggestion you would make to them or to anybody?—A. At that time.

Q. Because, as I understand you, Mr. Ohmer, the matter was so problematical that you would not take any risk of naming a flat price?—A. I would not.

Q. So that it would have been idle to consider you except on a basis of cost and percentage?—A. No. After that I would have done almost anything to have helped them out in making fuses.

Q. But as I understand you, the only statement you made and that you made very markedly to them was that the matter was so problematical that your notion of a contract was on cost and percentage, that the only just way of making a contract that way was that if they wanted fuses it was a question of getting them, and that the price the manufacturer could afford to make them for he could not tell, he did not know what they were going to cost, he did not know what he would have to pay for material and machinery, which were always advancing in price. Was it or not your suggestion that Ryan made this suggestion to Colonel Carnegie and General Bertram, that if the percentage and cost basis did not suit or did not ultimately meet with their approval could any plan be worked out?—A. He is assuming that there. He had no authority to do that.

Q. If this does not ultimately meet with your approval could any plan be worked out by having us make a fixed price for the fuses and your agreeing to allow a certain salvage on the cost of the building and machinery for as you know the contract is a short one and for a brief period and after completion the building and machinery would be to a great degree scrap, and of but little value; so some allowance should be made to in some way compensate for that expenditure.

Did he send you a copy of that at the time?—A. What date is that?

Q. That is dated May 19th, and is addressed to Colonel David Carnegie, Drummond Building, Montreal, Canada?—A. No sir. He did not send me a copy of that.

Q. So you did not see it?—A. No.

Q. He also says this:—

If it is agreeable to you, I would like to have any matters relating to this order come through me, for the reason that Mr. Ohmer will not be in New York after to-day and has so much on his mind on his other contracts, and is not always in one location, and I think the matter could be handled for all interests best by coming through my hands, particularly as the conference originated through me as far as Mr. Ohmer is concerned.

Were you aware of that request from Mr. Ryan?—A. I was not, at the time.

[Wilfrid I. Ohmer.]



Mr. EWART: Does he see any point in that?

Mr. NESBITT: The point would be obvious, wouldn't it, Mr. Ohmer? You would not blame Colonel Carnegie for corresponding with him?—A. He did not correspond with me.

Q. It was stated by your friends who introduced you that you were not to be found in certain localities?—A. That is what it says.

Sir WILLIAM MEREDITH: If you were so anxious to serve the Allies, why didn't you drop a line to Colonel Carnegie?—A. I saw Colonel Carnegie, and he was going to let me know.

Q. But why didn't you drop him a line?—A. Mr. Ryan took it up. He was the man who introduced me to those gentlemen.

Mr. NESBITT: Let us see what Ryan did next?

Hon. Mr. DUFF: Did Ryan find another principal to deal with?

Mr. NESBITT: No, sir, Ryan followed this up by quoting a price of \$4.60.

Q. Were you aware of that, Mr. Ohmer?—A. No, sir, I was not. Let me see if I can find a letter saying anything about that.

Q. That is, a letter from General Bertram to Mr. Ryan?—A. I never saw any letter to General Bertram.

Q. And you never saw any letter from General Bertram to Mr. Ryan?—A. No, sir.

Q. He quotes then at pages 80 and 81 of the printed record the following:—

As to myself being posted on what Mr. Ohmer was to do, I beg to recall the conversation Mr. Ohmer had with you last Monday, in which he stated, and which was true, that I was the means of bringing the Canadian Car and Foundry people in contact with him in securing for the Canadian Car and Foundry Company the fuses that Mr. Ohmer is now manufacturing.

A. How is that; who is that talking?

Q. Ryan is talking, and he states that he introduced the Canadian Car and Foundry business to you.

Sir WILLIAM MEREDITH: Is it quite fair to ask him that question?—I don't think it ought to be asked.

The WITNESS: It is not true.

Mr. NESBITT: Were you aware that he had stated that?—A. No.

Q. He apparently did not keep you very well informed?—A. No, he did not.

Q. Were you aware that he made this proposition:—

I am in a position to supply you with the full five million fuses within seven months, provided they are the brass fuses and No. 80 British or No. 85 American, and I wired Colonel Carnegie at Ottawa, Wednesday night, as follows:—

If confine order to English 80, will furnish 1,000,000 fuses at \$4.60 delivering 3,000 daily within sixty days, 5,000 daily within 90 days, 10,000 daily within 120 days, and 15,000 daily within 150 days, and may possibly double quantities and deliveries.

Was that authorized by you?—A. Will you read that again, please?

Mr. NESBITT: "If confine order to English 80"—

A. What is that?

Q. The No. 80 fuse?—A. You are reading the letter now, are you?

Q. I am reading what purports to be a telegram copied into a letter by Mr. Ryan saying what he could do. I am merely asking you to make it clear; did you authorize him to make any such terms for deliveries and prices at \$4.60?

Mr. HELLMUTH: He told me no.

The WITNESS: Read it.

Mr. NESBITT: "I confine order to English 80"—

Mr. JOHNSTON: The letter is not at all plain.

Mr. NESBITT: "will furnish 1,000,000 fuses at \$4.60 delivering 3,000 daily within sixty days, 5,000 daily within 90 days," and so on?

A. Go on.

Q. Do you want any more?—A. Yes. There may be something else.

Q. "10,000 daily within 120 days, and 15,000 daily within 150 days, and may possibly double quantities and deliveries."

Sir WILLIAM MEREDITH: You did not mention price this time.

Mr. NESBITT: I did the second time.

Will furnish any bonds that you may require for the fulfilment of this contract, but must have immediate acceptance of the proposition.

—A. He may have been figuring with some other concern there.

Q. It was not authorized by you?—A. It was not authorized by me.

Mr. JOHNSTON: He was figuring with Dowler.

Mr. GRANT: Look at the first part of the letter, Mr. Nesbitt.

Sir WILLIAM MEREDITH: Counsel had better not make observations and interruptions.

Mr. NESBITT: It is so plain, Mr. Grant, that I will read it.

Hon. Mr. DUFF: The witness has said that he did not authorize it. We are not any more interested in it.

Mr. NESBITT: "I first declined to do so, on the ground that I did not have Mr. Ohmer here." It is plain enough.

Sir WILLIAM MEREDITH: It is a matter of argument.

Mr. NESBITT: Yes, sir it is a matter of argument. I think that is all I have to ask of Mr. Ohmer.

*By Mr. Carvell:*

Q. Before I go into what I may call the case proper, I want to ask a question or two on some collateral issues, Mr. Ohmer. Why should you defend the suit Mr. Ryan has threatened to bring against you?—A. Why should I defend the suit?

Q. Yes. There has been some evidence given in regard to a suit Ryan is bringing against you?—A. Mr. Ryan is suing me on what he claims the Canadian Car and Foundry contract which I have. He says he is the one who brought this thing around.

Q. He is claiming commission?—A. He is claiming a commission on the contract of forty per cent of any personal profits I may make out of it.

Q. Do you deny that he is entitled to the commission?—A. I deny it, yes, sir.

Q. Do you admit that he is entitled to any portion of any commission?—A. None whatever.

Q. You are fighting the whole thing?—A. I am fighting the whole thing.

Q. There was a statement made by you, and I thought you were not allowed to finish up your answer, to the effect that you did not give a bond to the Canadian Car and Foundry Company, and you said there was something wrong with the Company itself and you gave that as a reason. What was demanded of you, and why was it not given?—A. I purchased the bond for the full amount, and it was about to be consummated. I got a letter from the Treasurer of the Canadian Car and Foundry Company saying not to purchase the bond except through them. I was to get that bond at three-quarters per cent, and the Canadian Car and Foundry Company through Johnston & Company of New York had to pay three per cent, or wanted me to pay three per cent. Afterwards I gave personal security for everything that was advanced, everything that was given.

Q. So there was personal security instead of a guarantee bond?—A. Yes. When I say personal security, I mean collateral security.

[Wilfrid I. Ohmer.]

Q. I do not mean your note, but something that has some real value to it?—A. They haven't any notes.

Q. There was something mentioned in your contract with the Canadian Car and Foundry Company about when you were to commence delivery. Do you remember what the date was?—A. Ask that again?

Q. There was some date mentioned in your contract with the Canadian Car and Foundry Company that you should commence deliveries; what was that date?—A. I am not sure, but I think it was three months after the contract was signed.

Q. That would be in June, 1915?—A. Yes.

Q. The latter part of June?—A. If I remember correctly, that is right.

Mr. NESBITT: It was June 15th.

Mr. CARVELL: All right.

Q. You stated to some person that drawings and specifications were not furnished you. Will you tell me how much or how long you were delayed, or how much time was lost on account of the failure of the Canadian Car and Foundry Company in producing those specifications?—A. The Canadian Car and Foundry Company sent drawings and specifications to me several weeks after the contract was signed up, but the drawings were wrong. We went on with our work, assuming that those drawings were correct. We built our machinery, we organized our factory, we put up our line shafts, we put up our belts, we made tools for the manufacture of those tools, and after some months I discovered that sixteen out of the forty-three drawings were absolutely wrong. We had to discard those drawings and commence all over again, making our own tools and drawings before it was possible to turn out these fuses. All that took us some months.

Q. How many months would you say you were delayed in the fulfilling of this contract by reason of the mistake in those drawings?—A. I have every hour that was lost on account of that, but I cannot say off-handed how many. It was a number of months, anyway.

Q. Would you go so far as to say that had the drawings and specifications been correct you would have been in a position to make deliveries some months before you did?—A. Many months before.

Q. How many would you say?—A. We were turning out parts with the tools and machinery that were made to make the parts that were wrong on the drawings. Many of those were wrong. We had to discard them. From the delays we had (I have the records, but I have not got them here) I should judge that we were delayed from four to six months..

Q. You did commence making deliveries in December?—A. We commenced making deliveries in December.

Q. How many fuses have been passed and shipped away from your premises on this contract up to the present time; how many fuses have been accepted and shipped away from your premises up to the present time?

Mr. NESBITT: They have to be accepted up here.

Mr. CARVELL: I said accepted and shipped from his premises.

Hon. Mr. DUFF: Fuses that have passed the shop test?

Mr. CARVELL: That covers everything.

Mr. JOHNSTON: No, it does not.

The WITNESS: I am not responsible for the functioning of these fuses. The tests are made at Dayton and passed at Dayton. After they are passed, they are put under seal and put into warehouses there with the Russian seal upon them. They then cease to be ours.

Mr. CARVELL: That is the acceptance?—A. Yes, and I get credit for them at that time, when I get the written order from the Russian inspector down there. I know

that we have shipped out of Dayton 446,554. That includes those that have gone to the testing grounds.

Q. How many?—A. 446,554. We had under bond with the Russian seal on them when I left home 225,000 in addition to that.

Q. That makes a round 700,000, or nearly that?—A. Yes. And we have assembled and completed, including the 225,000, some 470,000. In addition to those accepted that are now and were on the shelves under what we call the key tests there are 262,818. They are ready for packing.

Q. How many does that make which you consider to be completed, that is, the amount shipped, the amount under seal or in bond, and the amount assembled?—A. Did you say, passed and accepted?

Q. You said there was a first amount of 400,000 and odd accepted, another amount in bond with the Russian seal upon them, and a third amount assembled and ready to be inspected or accepted?

Sir WILLIAM MEREDITH: Surely we can do this figuring ourselves. We have all the figures. What is the use of taking up his time.

Mr. CARVELL: I thought he had it there and could give it to us in a moment.

Mr. NESBITT: What difference does it make? The only thing is, the passing of the firing test.

The WITNESS: There are 671,554 accepted.

Mr. CARVELL: How many assembled and ready to be inspected?—A. When I left home there were 242,818, and there are probably 30,000 more since I left.

Q. At Dayton, what kind of inspection do they put their fuses under, before they are accepted?—A. A most rigid inspection.

Q. I am not imputing motives to Mr. Nesbitt, but I thought I could see an inference that could be drawn from a question he asked you. He asked you whether the additional contracts which you had for the manufacture of fuses were for any of the allied governments, and you said no?—A. No, I did not say that.

Hon. Mr. DUFF: He refused to answer.

Mr. CARVELL: I thought the question was, whether they were for the Allied Governments, and he said no.

The WITNESS: I refused to answer.

Sir WILLIAM MEREDITH: I got the same impression as Mr. Carvell.

Hon. Mr. DUFF: The question was put by me just while he was considering the question Mr. Nesbitt was putting, and it may be that there was something I suggested which would be taken as Mr. Nesbitt's question.

Mr. CARVELL: I do not want to press it any further. I thought I could see an inference, from the question asked by Mr. Nesbitt.

Mr. MARKEY: Did he say for the enemy? Ask him that question.

Mr. CARVELL: Were you manufacturing fuses for any of the enemies of the Allies?—A. No, sir; and I want to say that I will not.

Q. You are not, anyway?—A. No.

Q. Have you had any difficulties with the enemies of the Allies, in the manufacture of fuses?—A. I have had difficulties, I tell you.

Q. What have they been?—A. Conspiracies, acids, fires, gun shots, threats of all kinds.

Q. By whom?—A. We found some two that belonged so far as we can trace them to the Dumba crowd.

Q. They would be of what we call in Canada the enemy countries?—A. Yes.

Q. Have you had a body of detectives or police around you?—A. Yes. We have about seventy. I am one myself. I was sworn in.

[Wilfrid I. Ohmer.]

Q. Let me see that correspondence, please. (File of correspondence produced.) Did you have considerable correspondence with Ryan over fuses, and incidentally in connection with Canadian fuses?—A. Canadian fuses?

Q. Yes?—A. I don't know of any.

Q. That is, the fuses for the Canadian Shell Committee?—A. Well, I don't quite understand that.

Q. You met in New York General Bertram and Colonel Carnegie with reference to a contract or a proposed order for five million fuses; I think you must know that those gentlemen were the Canadian Shell Committee?—A. I did not know just who they were until I got up here.

Q. Anyway, they were Canadians, and were purchasing munitions of war for Great Britain?—A. I thought at that time that they were from England.

Q. As a matter of fact, General Bertram is a life-long Canadian; Colonel Carnegie came to this country at the beginning of the war, and it was a committee which we all admit was appointed by the Minister of War to purchase munitions for Great Britain. Knowing that, you will know the persons whom I am discussing?—A. Yes.

Q. Did you have any correspondence or conversations with any of those gentlemen other than you have already described?—A. I did not.

Q. Colonel Carnegie, in his evidence as found on page 70, stated as follows, referring to yourself:—

“I asked Mr. Ohmer if Senator Currie, under whose contract he was working, if he gave permission to manufacture fuses at what price or on what conditions they would undertake a contract.”

Q. You have explained the extent to which you would wish to consent to Senator Currie?—A. Yes.

Q. Before taking on an order?—A. Yes.

Q. “I told him that I did not think we could consider such a basis, but if he found that it was possible to make the fuses on what other basis would he work? Could he give a flat price? And after some conversation he said the lowest price he could undertake to work for was \$4.60.”

Q. What do you say to that?—A. I think he is wrong there. If he made that statement he misunderstood me, for the reason that I told him at the time that the only price I knew about American fuses at that time was before the war, and the proposition that had been made to manufacture fuses at \$4.40 or \$4.60, I cannot say positively which, because I have not my records with me.

Mr. NESBITT: That was the American fuse?—A. That was the American fuse.

Mr. EWART: And before the war.

Mr. CARVELL: In the correspondence you had with Ryan did he ever inform you of any letters or telegrams which had passed from him to the Shell Committee, or from the Shell Committee to him?—A. Well, he wrote me about having a communication with those gentlemen.

Q. But did he make copies of those documents or the substance of them?—A. The substance, probably, but not copies. I have copies there, which may be the substance of them. I have gone over them.

Mr. CARVELL: I have gone over them too. They are here subject to the inspection of counsel, but I can find nothing in them.

Mr. NESBITT: There is nothing in them. I asked him whether those statements I have in the record were given to him, and he said no.

The WITNESS: I have never seen a letter or a telegram, an original to that effect. I made it very clear that I had no representative, that it was the introduction only that I got from Ryan.

Mr. CARVELL: Did you have in your possession at the time you met Colonel Carnegie in New York a sample or a fuse which you yourself had manufactured?—A. Yes, several of them.

Q. Have you some of those with you to-day—I do not mean the same article, but the same kind of fuse?—A. Yes sir.

Q. I do not want you to produce them all, but give me in the first place the metal, the casting out of which this fuse is made?

Mr. NESBITT: Do you mean brass or aluminium?

Mr. CARVELL: The aluminum. What is the first article which you produce, Mr. Ohmer?—A. This is a casting, which I show you.

Q. That is just a piece of aluminum in the rough?—A. In the rough.

Q. What is the next one?—A. This one is the same thing after it has gone through the presses, forged under 500,000 pounds.

Q. That is, the aluminum casting gone through a pressure of 500,000 pounds?—A. That is the casting after being forged.

Q. What is the third one you produce?—A. The third one is sheared.

Q. Is that machined?—A. No, gone through the presses and part taken off.

Q. Is that another pressing operation?—A. A cutting operation.

Q. Is it cutting or pressing?—A. Cutting through a press, knives on a press. There is no compression to the metal, but that fin is cut off.

Q. Is that aluminium body turned or machined in any way?—A. Yes. This one is the body again, after it is machined.

Q. Do you have any difficulty in finding tools that will machine that aluminium?—A. No. We make them ourselves.

Q. We have had evidence from one witness that they are having very great difficulty to find tools that will stand up under the machining or the turning of the aluminium. Do you find that difficulty?—A. Nothing more than the ordinary wear and tear on tools.

Q. You have that anyway, don't you?—A. Yes.

Q. Have you a completed fuse?—A. Yes. I produce a cap that goes on, and the fuse also.

Q. That is the Russian time fuse?—A. Yes.

Q. Are you willing that we should put this in as an exhibit?—A. Yes, sir. There is a dummy cap to it.

Q. You said you had never seen an English time fuse. Look at this one. It is called 80 mark V, I think.

Hon. Mr. DUFF: Not strictly the 80 mark V. Certain changes are made in it.

The WITNESS: That is a much more simple fuse than the Russian fuse. It is very much like the American fuse. We have a good comparison here. Here is a quarter section of the Russian fuse, and there is yours. Let any mechanical man come here and look at them and see for himself.

Q. You are giving an opinion?—A. This one is a much more difficult fuse to make.

Q. Which one do you mean?—A. The Russian. The Russian fuse has two aluminium plates instead of copper.

Q. Point out wherein the Russian fuse would be more difficult to manufacture, in the manufacture of the parts, and the aluminium being a soft metal?—A. There is more work to this Russian fuse than to the others.

Q. Much more work to the Russian than to the British fuse?—A. Yes. You can see it yourself.

Sir WILLIAM MEREDITH: We are just getting your opinion. We are not exhibiting it to anybody.

[Wilfrid I. Ohmer.]

The WITNESS: The British fuse could be made at a lower price than the Russian fuse.

Mr. CARVELL: Do both fuses act on the same general principle?—A. The principle is practically the same, I imagine, because one is time and the other is percussion. The principle is very much alike, the mechanical parts are different.

Q. Can the Russian fuse, or could the Russian fuse be applied to any shell, or do you have to have the shell, that is, the thread in the shell to fit the thread in the fuse?—A. I think the Russian fuse will go on a British shell.

Q. And do you think a British fuse will go on a Russian shell?—A. Yes. I think if you have a British shell here I can put a Russian fuse on it. I am going to illustrate something to you now.

Q. You are sure it is not loaded, are you?—A. Yes.

Q. What is it?—A. You were asking a question about fuses, and I am going to show you how easy it is to put one fuse on to another shell.

Mr. HELLMUTH: Oh, do we want all this?

Mr. NESBITT: It is a horrible waste of time.

Mr. HELLMUTH: Do we want all this, Messieurs Commissioners?

Mr. CARVELL: The witness suggested it himself.

Sir WILLIAM MEREDITH: Why should not he have an opportunity of showing his wares?

The WITNESS: No, it is not that. You asked about the fuse. There is the Russian fuse on an American shell, and one on a Russian shell. This fuse I believe will go on the Canadian shell.

Sir WILLIAM MEREDITH: That is the Russian fuse?—A. Yes, sir. We do not make these, it is just the fuses.

Sir WILLIAM MEREDITH: The Russian one is not marked yet. Who has appropriated that other fuse?

Mr. HELLMUTH: The Russian fuse ought to be marked.

Sir WILLIAM MEREDITH: This was complete.

The WITNESS: That is complete. There is the American fuse.

Sir WILLIAM MEREDITH: Where is the fuse that was filed as an exhibit before?

Mr. CARVELL: Here is the fuse that was filed.

Hon. Mr. DUFF: Do you mind this being kept?—A. Well, you might keep that.

(Russian fuse complete marked Exhibit 335).

(Quarter section marked Exhibit 336.)

Mr. JOHNSTON: One is the whole fuse and the other is the section is it?

Hon. Mr. DUFF: Yes.

The WITNESS: Better than that, if you would like a half section I have it.

Hon. Mr. DUFF: Oh, no, we do not want any more, thank you.

Mr. CARVELL: My friend, Mr. Nesbitt, asked you about advances. Now, as I understand, you have a contract by which the Canadian Car and Foundry Co. pay you what is called cost, and you have explained that that means material, labour and certain other things. Do the moneys they give you go as part payment?—A. The money advanced goes for the turning out of fuses.

Q. Did you contract to complete these fuses yourself?

Mr. NESBITT: I see what you are at. If there is any dispute about this we will have the contract. The advances were \$750,000, then he was to begin delivering fuses.

Sir WILLIAM MEREDITH: We had better have the contract.

Mr. NESBITT: His answer to that would be wholly misleading.

Mr. CARVELL: I just want to ask now whether you had to manufacture your fuses in any quantity first and then get your pay, or was the Canada Car and Foundry Co. to make you advances as you went along?

Mr. HELLMUTH: I submit that we should have a contract here. This is a collateral issue of course and it would not be open for us to call evidence I presume of the Canada Car and Foundry Co.

Hon. Mr. DUFF: It was you who opened it, you examined this witness.

Mr. HELLMUTH: Yes, and I asked for the contract.

Hon. Mr. DUFF: And then you examined him as to his recollection.

Sir WILLIAM MEREDITH: As far as I am concerned whether collateral or not, I want to see that contract.

Mr. CARVELL: We have no objection to that.

Q. Now, were you to furnish fuses before you got your pay, or were they to advance the money as you went along as payment for the cost?—A. They were to advance it as we went along.

Q. And I presume they did make advances?—A. Yes.

Q. Have you any quarrel with them, or they with you, about the advances they are making?—A. No particular quarrel as far as we are concerned. It was a matter of advancing as we went along, under our contract.

Q. Is it a fact that they were compelled to advance large sums of money to pay your debts?—A. No sir, they were not compelled to pay any debts of mine, nor did they.

Sir WILLIAM MEREDITH: That is not what is asked.

Mr. CARVELL: Did they pay any debts of yours?—A. No sir, they did not pay any debts of mine.

Q. Now, could you have established a plant for the manufacture of fuses in Canada?—A. I could have, yes.

Mr. NESBITT: If he could have got some one good enough.

Mr. CARVELL: Were you asked to?—A. It was suggested to me several times.

Q. By whom?—A. First I heard from some gentleman from Toronto, I cannot recall his name. I was to meet him at the King Edward Hotel or the Prince Edward Hotel—

Q. The King Edward?—A. He said there was a combination of gentlemen down there who wanted to go into the manufacture of fuses in Toronto. I was coming there, but before coming I got a wire from him telling me that the meeting had been adjourned until some future time; further than that, I received a letter from the DuPont people suggesting that I go into an organization with some Canadians to build fuses in Canada. I think I have some letters here.

Q. But nothing came of it?—A. No.

Q. Do you know of any obstacle in the way of establishing a plant in Canada for the production of fuses?—A. None whatever.

Q. It is only a question of time and money?—A. And brains.

Sir WILLIAM MEREDITH: How could you have possibly carried on your contract with the Russian Government in the works in Ohio, and at the same time have a Canadian factory?—A. On account of having a good organization.

Q. Didn't it need you?—A. Yes, but not all the time. I was in New York part of the time.

Q. What did you do with the DuPont people?—A. The letters will show.

Q. Did it come to anything?—A. No.

Q. Impracticable?—A. We did not go into it that deep.

Mr. HELLMUTH: In view of that question I have a letter which had better go in. The witness says in the letter that it was practically impracticable.

[Wilfrid I. Ohmer.]



Hon. Mr. DUFF: While Mr. Hellmuth is looking that letter up—could you give us any idea of the number of rejections or the proportion of rejections of your fuses that were subjected to the firing test? You get a report I suppose on rejections?—A. Oh yes. That report comes to me but I do not go over it in detail; that goes to the factory division.

Q. In the regular course of business, it would be your business, wouldn't it, to know whether these things were functioning?—A. Absolutely.

Q. Then you could state I suppose what proportion had been rejected as a result of the firing test?—A. Not with any accuracy, because we are dealing with millions.

Q. Do not give it them?—A. I could send for it and get it absolutely. That is in a department—I do not attend to all the details.

Q. Would the Canadian Car and Foundry Company have that?—A. I imagine they would.

Q. Is the test made by them or the Russian Government?—A. I have never been up there. I think there are two sets there. There is the Canadian Car, and the Russian, and we have a representative.

Q. There is no difficulty about getting it accurately, it is known to your representative. There is a difference of opinion.

Sir WILLIAM MEREDITH: What do you need a representative for if you have nothing to do with the result of the firing test?—A. We had a representative there and checked over some of the fuses before they were fired. If they had been fired the way they were set they would have gone wrong, because they were set at the wrong number.

Q. By whom?—A. Those checking there, and our man caught it. It is necessary to have a man there for protection. We have a technical man there, a very good man.

Q. I thought it made no difference to you if they all went bad?—A. It makes a very big difference.

Q. Your reputation?—A. As far as the contract is concerned it does not, but I will go to the limit to have them right, I will go to the limit of time and money to get them to go right.

Hon. Mr. DUFF: You do keep track of rejections?—A. Yes.

Q. And you have no objection—A. Oh no.

MR. HELLMUTH: In the letter you wrote Mr. Ryan on the 22nd of May, you say: "This morning I received a letter from one of the Officials of the DuPont Powder Company asking whether 'I would be interested in an opportunity to join as part owner of a company to be incorporated in Canada, with part American and part Canadian capital, to build a Canadian plant for the manufacture of shrapnel parts, either brass cases or time fuses, etc., and predicated on receiving, before the investment of any money, signed contracts for materials in sufficient quantity and at such prices as might warrant the venture.'"

That is a quotation, and you go on to say: "You will notice that this is very much in line with suggestions at our conference. It may be that the very parties with whom you had been talking are back of this project, or possibly this suggestion has been presented to them. However, it would not be a bad idea to learn what you can about it and whether or not the two gentlemen with whom we had conferences the other day are in it.

"I wrote to the DuPont people telling them that to build a plant of this kind in Canada would be a tremendous undertaking, and that on account of the limited time in which it would be required to turn out these foreign orders, it was questionable in my mind as to their ability to accomplish the result—that we had a plant built and were prepared for turning out possibly any order that may be presented, and while we had very large orders on hand now we could take care of other orders probably by the duplication of our tools and getting busy."

A. That is right.

Mr. CARVELL: Just read the remaining paragraph.

Mr. HELLMUTH: "I requested also that they write me further on the subject. If they do, I will let you know what develops. I have not yet heard from the Canadian gentlemen whom you said in your telegram would probably write me. If they have done so, their letter had not yet arrived. Yours very truly."

I suppose it was Mr. Ryan who told you that Col. Carnegie and General Bertram would write you, by his telegram?—A. No, it was not. Those gentlemen were going to communicate with me.

Q. I must have misunderstood then. You are not referring in this letter to Col. Carnegie and General Bertram as the gentlemen you had met?—A. I imagine they are the same gentlemen.

Q. Why did you say then, "I have not yet heard from the Canadian gentlemen whom you said in your telegram would probably write me"?—A. Well, read the telegram. I suppose I have a copy. I am referring to the telegram.

Mr. JOHNSTON: What does the telegram say?

Mr. HELLMUTH: I am looking for it. That is the 22nd.—A. Maybe I can find it.

Q. The only telegrams I can find are one of the 18th and one of the 20th—no, that is from you.

Sir WILLIAM MEREDITH: Let him find it.

The WITNESS: Here is a telegram to me, "W. J. Ohmer, Dayton, Ohio. Regret not seeing you. My Montreal friend telephones that parties are anxious to give contract to you, that they have written to-day. Will advise you to-morrow what they say. Can you not send me the fuse exhibited yesterday. Will help me secure contract."

Mr. HELLMUTH: That is not from them?—A. That is from Mr. Ryan.

Q. Mr. Ryan advised you by telegram that they would write you?—A. Yes.

Q. It was not they who advised you that they would write you?—A. I told you before, I had no communication with them whatever.

Q. So you had nothing from them to say that they would write you?—A. I have told you that several times.

Sir WILLIAM MEREDITH: What he said was that he parted with them under the impression that they would write.

Mr. CARVELL: That is right.

Mr. HELLMUTH: I am pointing out that the letter says quite plainly it is your telegram.

Sir WILLIAM MEREDITH: Any questions, Mr. Ewart?

Mr. EWART: Nothing.

EDWARD F. SISE, sworn and examined.

*By Mr. Hellmuth:*

Q. You are president of what company?—A. British Munitions Company.

Q. Is that a company recently organized?—A. Yes, the first part of this year.

Q. 1916?—A. Yes.

Q. Is that a company dealing in fuses at all?—A. It loads and assembles them.

Q. It was incorporated particularly for this purpose?—A. Yes.

Q. Has it yet done any loading?—A. No, it has not.

Q. How soon do you expect?—A. This month.

Q. Are you an expert yourself?—A. I am not.

Q. Were you connected with the Northern Electric?—A. Yes, I am President of the Northern Electric.

[Edward F. Sise.]

Q. Were you the Mr. Sise who wrote some letters to the old Shell Committee?  
—A. No, those letters were written by my brother, who was vice-president.

Q. Did you know about them?—A. I did, but not all of them in detail.

Q. You have heard of the correspondence which has been put in, do you know whether there is any more correspondence besides?—A. From the Northern Electric?

Q. Yes.—A. No, I don't know; it will be all referred to here; it should be.

Mr. JOHNSTON: Not here, because there is only one letter.

Mr. HELLMUTH: If you have any letters or any correspondence between the Northern Electric Company or any officer or director of it and the Shell Committee or any member of it I would like to have it, that is all?—A. I have not it with me. I think that any letters would be on record here; we would only have copies of the letters from us. I have some originals at the hotel.

Q. I wish you had brought them; I understand there are only one or two letters in.

Mr. JOHNSTON: One, I think it is.

Mr. HELLMUTH: You have not the originals there?—A. I have some notes.

Hon. Mr. DUFF: Perhaps he can tell what he knows.

Mr. HELLMUTH: Tell me what you know about an offer or about any discussion, what you yourself know, I do not mean that you necessarily communicated to them, but what you know about the proposal?—A. What fuse do you refer to?

Hon. Mr. DUFF: It is the graze fuse, I think.

Mr. NESBITT: No. 100 graze fuse.

Mr. MARKEY: They negotiated for both.

Mr. HELLMUTH: I think they negotiated before we knew about the graze fuse.

Mr. CARVELL: This letter on page 97 refers to graze fuse.

Hon. Mr. DUFF: There is a letter much earlier than that about the other fuse.

Sir WILLIAM MEREDITH: Perhaps the witness will say. Would not it be shorter to find out what transaction he knows of? Does he know of transactions about the 100 graze fuse or about the time fuse?

Mr. HELLMUTH: You have heard what the Chief Justice said?—A. About the correspondence that took place?

Q. Do you know of any correspondence in regard to graze fuse first?—A. Yes.

Q. When was that?—A. The first letter which we wrote quoting on the graze fuse was dated 29th May, and we quoted a tentative price of \$4.00 and said we would quote a fixed price after receiving sample of fuse and blueprint and full information.

Q. That letter has gone in?—A. That letter was acknowledged on the 31st May.

Mr. HELLMUTH: I do not know that the acknowledgment is in.

Hon. Mr. DUFF: Have you got the acknowledgment?—A. In that letter of 31st May they stated we could make the body out of steel.

Q. Have you got a copy of it there?—A. Just my notes, a resume of these letters.

Q. What followed that?—A. On the 3rd June we asked for a sample and definite information regarding quantities and dates of delivery, and on the 5th June we received acknowledgment of ours of the 3rd, and in that letter they stated they would obtain a sample for us and specifications. Then on the 21st July—we had received sample two or three days before that, and blueprint, of 100 fuse, and were asked to quote a definite quantity; we quoted a price of \$3.25 f.o.b. Montreal. On the 23rd July we received acknowledgment of that letter, and were advised that they would refer us to the matter again when they received further orders from England.

Q. Is that all about the graze fuse?—A. That is all the correspondence.

Q. Do you know anything outside the correspondence?—A. On the 11th May Mr. Hathaway called on Col. Carnegie and discussed the question of No. 100 fuse.

Sir WILLIAM MEREDITH: Were you present?—A. No.

Sir WILLIAM MEREDITH: Mr. Hathaway will be here.

A. These interviews and most of these letters, in fact all the letters in regard to fuses before the first of the year were signed by my brother or Mr. Hathaway, and the interviews took place between Mr. Hathaway and Col. Carnegie or my brother.

Mr. HELLMUTH: Do you know anything about time fuses?—A. I know something about the correspondence.

Q. When did that start?—A. 11th May. On the 11th May Col. Carnegie told Mr. Hathaway—

Q. Do not tell us unless you were present?—A. I was not present, it was reported to me.

Q. We will wait until Mr. Hathaway comes?—A. Then I do not know that I could give you any more information, because nothing brought me into it until after the first of the year.

Q. There was no correspondence?—A. Not as far as I was concerned.

Q. As far as you know?—A. I know about it.

Mr. JOHNSTON: Can you produce the correspondence so that we may have it when Mr. Hathaway is here?—A. That correspondence will be all filed here; I have some letters.

Mr. HELLMUTH: Do you know of any correspondence about time fuse?—A. Yes.

Q. About what dates were the letters?—A. I will leave out conversations and stick to the correspondence?

Q. Yes?—A. On September 9th, 1915, the Shell Committee called for tenders.

Q. We need not go to that.

Sir WILLIAM MEREDITH: Would not really the better plan be to wait until Mr. Hathaway comes?

—A. Nothing happened in 1916: that would not apply to the Shell Committee.

Mr. HELLMUTH: I wanted to know if there had been any correspondence with regard to time fuses prior to the 19th June, 1915?

Sir WILLIAM MEREDITH: Is it not the better plan to wait till Mr. Hathaway comes; Mr. Hathaway knows about these things, and he can produce the correspondence, and perhaps Mr. Sise will see that he gets what he has control of.

Mr. HELLMUTH: Can you see that Mr. Hathaway gets the correspondence?—A. Yes.

Hon. Mr. DUFF: We have a letter at some time in February or March, 1915, it is only one letter, and there may be an answer.

Mr. HELLMUTH: Yes. I think we ought to have them all.

Q. You did not take part personally in the interview?—A. No. The Vice-President and Mr. Hathaway attended to all correspondence and conversations in regard to munitions before the first of the year.

Q. And the Vice-President, Mr. Paul Sise, is it?—A. Yes.

Q. He is away?—A. Yes, he is on active service at Valcartier.

Hon. Mr. DUFF: Your company is not making graze fuse now?—A. Not the graze fuse.

Q. I am speaking now of the Northern Electric Co.?—A. No, they are not making graze fuse.

Q. They are making time fuse?—A. Yes.

Mr. HELLMUTH: They are not loading and assembling?—A. No, the loading and assembling will be done at the British Munitions Co.

Hon. Mr. DUFF: They are making parts just in the same way as the Russell Motor Co. are?—A. Yes.

[Edward F. Sise.]

Mr. JOHNSTON: May I add to the request of Mr. Carvell, what I have to say about the production of this witness (Miss Edwards) whose bank book has been produced, and without further explanation. It is a matter which no doubt has been much discussed, and I think ought in the public interest to be carried to the fullest extent, that is, the information should be got if it can be got. I think if she comes here and tells a reasonable statement, and is believed, that it is in her interest and in the interest of everybody, that that should be done; and if, on the other hand, she is unable to account for the condition of matters at the present time, or give a reasonable explanation as to her former evidence, which I did not hear, by the way, then that ought to be known; on every ground it seems to me it becomes a matter of importance from the standpoint of this investigation, as well as from the standpoint of Col. Allison and others connected with that transaction.

Sir WILLIAM MEREDITH: My judgment is the inquiry is wholly irrelevant, entirely beside the matter. It has been gone into, and when this witness left the stand it was with the arrangement that she should send the bank book, and it was stated that that would be satisfactory to Mr. Carvell, who represented you as well as himself. Now, she has complied with that.

Mr. JOHNSTON: I do not know what was done or said upon that occasion, but once being admitted it rather removes the objection of irrelevancy.

Sir WILLIAM MEREDITH: What in the world has it to do with this inquiry?

Mr. JOHNSTON: Why was it gone into if it was irrelevant?

Sir WILLIAM MEREDITH: If we simply confined ourselves to relevant matters this Commission would have ended in ten days.

Mr. JOHNSTON: Perhaps very fortunate if it had; but we know in these investigations some latitude has to be allowed.

Sir WILLIAM MEREDITH: What possible purpose could it serve, supposing it is not true, supposing that money is in her hands to defraud Allison's creditors?

Mr. JOHNSTON: Supposing it is in her hands as trustee for somebody else?

Sir WILLIAM MEREDITH: This book does not prove anything. She has already sworn it has not been paid to anybody. If counsel upon their responsibility will say that they have reasonable grounds for thinking that they ought to ask her whether any portion of that money has got into the hands of anybody that is affected directly or indirectly by this investigation that is a different matter.

Mr. JOHNSTON: That is a question which would be asked I presume.

Sir WILLIAM MEREDITH: She has answered that already; she has denied that any of the money—names were mentioned—

Hon. Mr. DUFF: The only point that occurs to me in support of your suggestion is that the bank book is produced, and it is quite clear that the bank book does not accord with Miss Edwards' own account of what happened. On the other hand there is just this about it; there is no doubt that the witness was allowed to leave the box and was allowed to go on the statement that the sending of the bank book that she had in her favor would be satisfactory. It was not suggested she should produce cheques. She was asked whether or not she would agree to having the bank in New York in which the money was deposited disclose the state of the account, and she did not accede to that; I do not know that she said definitively that she would not do so, but she did not accede to it.

Mr. HENDERSON: Not at first; subsequently she did.

Hon. Mr. DUFF: Do you mean to say she acceded to the suggestion that the bank would—

Mr. HENDERSON: No.

Hon. Mr. DUFF: I do not understand Mr. Henderson's intervention. What I said was she was asked whether or not she would agree to the bank giving information, and she did not accede to that. Was that refusal to accede to that withdrawn? She did say then she would send the bank book.

Mr. HENDERSON: Her position, sir, was intended to be—

Hon. Mr. DUFF: Have I not stated the position correctly?

Mr. HENDERSON: I do not want it to appear as if she were desirous of concealing anything.

Hon. Mr. DUFF: Have I or have I not stated the position correctly?

Mr. HENDERSON: You stated the position correctly as when she was first in the box, yes.

Hon. Mr. DUFF: What I understood her to say was, as she left the box, "I will send the bank book."

Mr. HENDERSON: Yes; I want if I can—

Hon. Mr. DUFF: Perhaps you had better wait, Mr. Henderson. You will have an opportunity. I may say, Mr. Carvell, I do not like the idea, after that, of this young lady being recalled and pressed again.

Mr. JOHNSTON: I did not know exactly what turn it took, because you cannot always learn that from the verbatim report. I am making application to the Commissioners in the most innocent and quiet manner that I possibly can, without making any very great disturbance over it, and I am asking the opinion of the Commissioners whether under all the circumstances they think she ought not to be produced? I hardly could accede to what the Chief Justice has said, namely that I should undertake, or anybody should undertake that some result is likely to follow from the production of this witness in further examination. I could not undertake that at all. I could not assure the Commissioners that I would hope to prove anything beyond what might come from her examination. It appears to me that this is not the complete bank book which she agreed to produce.

Hon. Mr. DUFF: What she said was she would produce the bank book. This bank book evidently does not show the dealing with the account, as she stated the dealing had taken place; but she did not say it would.

Mr. CARVELL: Pardon me, I refer to page 1352, which is as follows: "I do not know whether any of that actual \$16,000 was transferred or not. I have a private account of my own, and it was put in with that."

Having heard that evidence, when the lady said she would send the bank book here I did not want to press into her private affairs, I thought it would be sufficient, and when I find the book here produced and the only entry in it being this \$16,000, no withdrawals and no other deposits, in the face of that evidence I think she ought to be brought back to explain.

Mr. EWART: May I read also from this evidence:

Sir William Meredith: Where is the bank book?—A. At home.

Q. Where is that?—A. I did not know I was going to be a witness. It is either in Morrisburg or it may be in my vault in New York.

Q. Have you any objection to giving authority to Mr. Carvell to ask the bank whether your statement is accurate?—A. No, but I think this is my personal affair, and I do not see what it has to do with the inquiry. I have not any objection, but I really do not see at all—

Q. If you have not any objection will you give it to him?—A. I suppose I will have to. I will tell you, I will send the bank book.

Sir William Meredith: Very well.

Mr. Carvell: That will be quite satisfactory indeed to send the bank book to the Secretary?—A. All right, I will send the bank book."

[Edward F. Sise.]

Mr. CARVELL: I do not deny that that happened.

Sir WILLIAM MEREDITH: I should think if I were in Miss Edwards' place I would want to be here. That would be my position.

Mr. HENDERSON: I was endeavouring to say that Miss Edwards does not wish to be held out to the public as concealing anything of any kind. That would simply be her position. Unfortunately the young lady to-day is sick in bed.

Mr. JOHNSTON: You said she was on a holiday.

Mr. HENDERSON: She left for a holiday, but Colonel Allison tells me she is in bed. There will be no trouble whatever in sending that bank book to be written up, or in procuring a duplicate bank book. Obviously it was not written up. Also obviously it was in Morrisburg, or it could not have been here so soon; and it was brought here simply in the condition that it happened to be.

Hon. Mr. DUFF: You say that that is the account; you really think this contains the account she referred to as her private account.

Mr. HENDERSON: That is the account in which she deposited this particular money.

Hon. Mr. DUFF: She said she had a personal account and that the money had been deposited in the personal account.

Mr. HENDERSON: I do not know whether that was the first time she opened that account or not.

Hon. Mr. DUFF: That is the point that struck Mr. Carvell, and very naturally struck him.

Mr. HENDERSON: I was endeavouring to say that I do think the condition is somewhat unfortunate, because I do not want her to be left in the position of having it suggested that she is trying to conceal anything.

Sir WILLIAM MEREDITH: She will be probably well enough; she has good backbone, and she will probably be well enough to be here to-morrow to tell her story.

Mr. HENDERSON: We could not get a book from New York written up in that time.

Sir WILLIAM MEREDITH: No, but she could tell; they will want her, they do not want the book written up. However, you will all be very glad to hear that the work of the Commission will be very much shorter owing to this telegram that has just been received by the Secretary:—

Royal Commission,  
Ottawa, Ont.

Owing urgent business our Mr. Dowler unavoidably prevented leaving this evening. Writing full report meanwhile for presentation to your Commission.

DOWLER-FORBES & Co.

Mr. JOHNSTON: I do not see how the investigation could close without him:

Sir WILLIAM MEREDITH: If you wait long enough you will see. However, that is the gentleman that demanded an audience.

Mr. NESBITT: Mr. Hathaway is here and very anxious to get away.

JOSEPH D. HATHAWAY, sworn.

By Mr. Hellmuth:

Q. Are you engaged with the British Munitions Company?—A. Yes, vice-president.

Q. Mr. Sise who has just been here is the president of that company?—A. Yes.

Q. And you were formerly connected with the Northern Electric?—A. Yes.

Q. Have you got the correspondence between the Northern Electric Company and the Shell Committee or any members of it?—A. I have all of it on percussion fuse.

Q. Have you anything that took place with reference to time fuse?—A. There is nothing before September 9, 1915, no correspondence. That is the first letter from them, and I have not that letter, because that was time fuse.

Q. Will you let me have the correspondence in the percussion fuse?—A. The letter of May 29 you have, that is on file. There is the answer.

Q. This is the letter of May 31.

Mr. STEWART: That is part of Exhibit 290 (page 883).

Mr. HELLMUTH: Before the letter of the 29th May and its answer of the 31st had you had any interview with anyone connected with the Shell Committee?—A. Yes, sir.

Q. When was the first interview you had, and with whom?—A. May 11.

Q. Who was it with?—A. Col. Carnegie.

Q. What took place during that interview?—A. We discussed time fuse and the percussion fuse.

Q. The graze fuse?—A. Yes, 100 graze, I took a set of drawings to his office of the 100 fuse, the first he had ever seen, I imagine from talking with him.

Mr. CARVELL: Do you say you had a set of drawings?—A. I had a photograph of the drawing of the No. 100 fuse, and I asked him if there was going to be any business on the percussion fuses.

Mr. HELLMUTH: You asked him?—A. I took the print to him.

Q. What did he say?—A. He was interested, he had just heard of it, I think it has been in the evidence that the day before he heard about it. We wanted to quote on those fuses, on the 100.

Q. Col. Carnegie told you he had heard of it the day before?—A. He did not say the day before then, but it has since come out in the evidence.

Q. He said he had just heard?—A. Yes, he was interested.

Q. Had he seen any drawing or print of it?—A. No.

Q. What more took place at that interview?—A. He was to get us drawings and specifications and a sample.

Q. I suppose you could not work upon photographs alone?—A. Oh, no.

Q. There was not sufficient?—A. No, we got the photographs some other place, and we did not know whether it was an exact copy.

Q. And he did not know at that time?—A. No.

Q. So he was to get you drawings and specifications that was understood, then what next, was there anything more at that interview?—A. We discussed the time fuse question of whether there was going to be any orders placed for time fuse, and I understood there were to be five million time fuses.

Q. That is what he told you at that time?—A. Yes, I have it in writing; I took notes at the time. He said he had orders to place for five million time fuses.

Q. The graze fuse was something in addition to this five millions?—A. Apparently I brought it in to him for the first time, for he was very much interested in it.

Q. Did you discuss prices for time fuse?—A. I gathered that the fuse was worth about \$4 from talking with him, the time fuse.

Q. Did he tell you at all?—A. Yes, that is what I gathered in talking with him. I do not know how he put those figures together, but that was information I got.

Q. How do you mean?—A. He may have said it was just about \$4 or a little over \$4, I only know that I thought \$4 was the price for time fuse.

Q. From what you talked with him?—A. Yes.

Q. You gathered that from the conversations you had with him that he thought time fuse ought to be \$4; did you discuss doing anything yourself?—A. Yes, we were interested in that too.

[Joseph D. Hathaway.]



Q. What did you say; did anything take place at that conversation in regard to time fuses?—A. Just that he was going to get us plans and specifications for time fuses.

Q. So that you were to get plans and specifications for graze fuse and plans and specifications for time fuse?—A. Yes, but we were more interested in graze fuse because it was an easier proposition.

Q. Have you told me practically all as far as you can what took place?—A. That is on the 11th?

Q. Yes?—A. I think Scovill & Company were manufacturing fuses at the present.

Q. He told you that?—A. Yes.

Q. You mean Carnegie told you that then?—A. Yes.

Q. Did he say they were manufacturing the British time fuse?—A. I think it was an adapted one if I remember, an American adapted for English fuse.

Q. Anything more at that conversation?—A. They were turning out I think about 4,000 a day at Scovill, and if we quoted we ought to quote on about 5,000 a day.

Mr. CARVELL: Is that time fuse?—A. Yes; and it would take about six months to get ready.

Mr. HELLMUTH: He told you that; that was his idea?—A. I think that was about all.

Q. Was there anything between the 11th May and your letter of the 29th May?—A. On the 18th I called and got blue-print of the graze fuse; nothing more on the time fuse.

Q. Did you see Col. Carnegie then?—A. I do not know to tell the truth, I have only got a note of getting a blue-print that afternoon, I presume I did, but I do not know.

Q. Did you ask or did you try at that time to get a blue-print or specification of the time fuse?—A. No, I have no record of it and no recollection.

Q. So that really what impressed itself on you apparently was the graze fuse?—A. Yes.

Q. That is on the 18th. Between that and the 29th May was there anything further?—A. Nothing happened so far as I know.

Q. Then you know the letter of the 29th May?—A. Yes.

Q. You knew of that, I suppose?—A. Yes.

Q. That is the one referring to the No. 100 percussion fuse blue-print and so on "regarding which you had some conversation with our Mr. Hathaway"?—A. Yes.

Q. That would be the conversation that he had had on the 11th?—A. Yes.

Q. You had quoted a price of \$4 for that?—A. Yes.

Q. I thought you said you understood that Mr. Carnegie expected the time fuse to be about \$4?—A. That is what he said.

Q. You have also told me that the graze fuse was a simpler undertaking than the time fuse?—A. I think it is. We had neither plans, specifications, nor a sample to work from.

Q. Didn't you think that likely to be a pretty high price for the graze fuse, if the time fuse could be purchased at \$4?—A. Well, first I didn't know that time fuses were being bought for \$4.

Q. You had a little doubt, had you?—A. I didn't know it, I mean I didn't know they were being bought for \$4.

Q. At all events, were you a party to suggesting that amount of \$4 for the graze fuse in that letter of Mr. Sise's?—A. Yes, I think so. It states there that it was only a tentative price.

Hon. Mr. DUFF: You did not finish the sentence that you started a moment ago, that you neither had plans, specifications—when you suggested the price of \$4?—A.

I didn't have a sample. I don't think we had specifications at the time, I am sure we did not.

Mr. HELLMUTH: You had neither sample nor specification?

Sir WILLIAM MEREDITH: How could you arrive at \$4? Why wasn't it \$3 or \$2 or \$5?—A. Well, \$4 looked high enough from what we could see on the blue-print. It was only a tentative price to go on record that we were quoting a price later as soon as they gave us the information we were asking for.

Mr. HELLMUTH: Supposing the specification had shown a much more complicated article than you thought of, where would you be with your \$4?

Mr. JOHNSTON: That is argument, I suppose?—A. When we got the specification we would quote a firm price on delivery and on quantity.

Mr. HELLMUTH: Did you mean by that that there would be no chance of your going above four?—A. That would be my opinion, it would not go above four. I would not suppose it would, but if anything came up to change it—

Q. You were not bound?—A. We had not the models to see.

Q. "In the meantime, without more definite information we will quote you on one million a tentative"—you do say tentative—"price of \$4 each, it being understood that this price can only be considered in the light of an estimate, and that a firm quotation can only be furnished on more definite information." The price you quoted would not go above \$4 I see. I find I misinterpreted the letter. Then what was the next after that?—A. The letter of May 29.

Q. That is the letter of May 29?—A. Then the answer.

Q. I have the answer. What after that?—A. Our letter of June 3.

Q. That is in?—A. Their answer of June 5.

Hon. Mr. DUFF: What was their letter of June 3?—A. In answering our letter they say that it is going to be made of steel instead of as we supposed brass. We asked them to give us specifications, drawings and a sample gauge repeatedly.

Q. On the 3rd of June?

Mr. HELLMUTH: And you say, "In regard to furnishing you with a firm quotation, I am afraid it will be absolutely necessary for us to have a sample, as the information we have at the present time is too indefinite to enable us to quote intelligently?—A. On June 5 we received the answer. Is that in?

Q. That is in, too, I am told. "We are in receipt of your letter of the 3rd instant, and with reference to the number 100 fuse for which we are quoting, we are trying to obtain a sample and specification, after which we hope to be able to give you further information on the subject." Now, what comes after that? That is in?—A. July 29.

Hon. Mr. DUFF: July 21 is the next one.—A. July 21, I beg your pardon.

Mr. HELLMUTH: That is in. I do not suppose I need go over all these unless you have some explanation to offer. Had you any interviews?—A. None at all. Between those two times we were endeavouring to get a sample time fuse, and we received it a few days before July 21st.

Hon. Mr. DUFF: The letter of July 21st is the one in which you gave the price of \$3.25, is it?

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: Did you get a specification before you made your quotation? You had a sample and a blue-print?—A. Yes.

Q. Did you get a specification?—A. We must have, else we could not have quoted.

Q. Can you tell us anything about when you got that specification?—A. I don't know, the Vice-president of the Company may have received that himself, because he wrote this letter stating it was to be \$3.25, as he had received the information I take it.

[Joseph D. Hathaway.]

Mr. HELLMUTH: It does not say quite that. It says: "Referring to the matter of the number 100 percussion fuses, your Mr. Carnegie furnished the writer with a sample and blue-print of this fuse and requested that we furnish you with a price on quantities from 250,000 to 2,000,000.

"We have made a careful examination of this fuse, and can quote you a price of \$3.25 each f.o.b. Montreal."

Hon. Mr. DUFF: He can perhaps answer the important point I want to get at, and that is whether it was a sample with detonators in?—A. I did not see the fuse myself.

Q. You do not know?—A. I do not know. It was delivered to us and Mr. Sise handled that.

Mr. HELLMUTH: You cannot really say then, as I understand it, Mr. Hathaway, that when that letter was written on the 21st of July Mr. Sise or your company had or had not actually received in addition to the sample and blue-print a specification?—A. No, I could not say, but I presume he did.

Q. I quite understand that. You presume you did because you do not think you would have quoted a firm price otherwise?—A. I sure would not have quoted without a specification, because the specification covers all the points that you are liable to be tripped up on.

Q. Then on July 23rd the correspondence?—A. Acknowledgment of that letter of the 21st.

Q. And that covers the correspondence at that time?—A. Yes.

Q. That is all you have?—A. That is all we have.

Q. And I think we have put it all in. There are two earlier letters.

Hon. Mr. DUFF: In point of fact were you ever asked to bid on graze fuses again?—A. No.

Q. And you never got an order for graze fuses?—A. No.

Mr. HELLMUTH: You did get an order from the Munitions Board?—A. Not for the graze fuse.

Q. You got it for the time fuse?—A. Yes.

Q. An order was let on July 17th to Russell and Harris for the 500,000. There was no other order let by this Committee afterwards.

I did not call your attention to two earlier letters that went in. One is dated February 9th and will be found on page 1029, written by Mr. Paul F. Sise to Colonel Bertram:—

"In reference to the time fuse used in connection with shrapnel shells,—I am wondering whether these are being manufactured in Canada. If so, whether we could have an opportunity of figuring on them. We feel that possibly we might be in a position to undertake the work." Have you got those letters?—A. I have not.

Q. Then there was an answer to that, "We regret to advise that we have nothing definite yet regarding same." That appears to be all. You cannot furnish, and there does not appear to be, any correspondence in reference to the graze fuse other than what has already gone in?—A. No.

Q. I just want to ask you another question. You are now with this British Munitions—A. British Munitions Company.

Q. Have you manufactured any fuses?—A. We don't manufacture the parts.

Q. Have you assembled and loaded?—A. No, we have not.

Q. You are an expert yourself on this business, are you not?—A. No, sir.

Q. Are you not?—A. No, sir.

Q. Who is the expert then, please, at the British Munitions Plant?—A. There isn't any.

Q. For loading and assembling?—A. No.

Q. Is there any one who has had any experience in loading or assembling?—A. No.

Sir WILLIAM MEREDITH: Is there a lunatic asylum nearby?—A. Yes, sir.

Mr. EWART: You do not think they need one, sir.

The WITNESS: The plant is in Verdun.

Mr. HELLMUTH: Are you going to load without experts?—A. I think so, planning to.

Q. Have you got inspectors or any one at all?—A. No.

Q. And is there nobody in the British Munitions Board that knows a thing about loading, has ever done any loading?—A. The Board may know a lot.

Hon. Mr. DUFF: Colonel Carnegie knows a lot about it of course.

Mr. HELLMUTH: I mean outside of Colonel Carnegie is there no one?—A. I cannot answer. The Imperial Munitions Board you said.

Q. No, I mean the British Munitions Company?—A. No, absolutely nobody.

Mr. MARKEY: A simple matter.

Mr. HELLMUTH: I suppose you do know the difficulties that are involved?—A. Oh, I do.

Q. I suppose you do not look upon it as a simple matter to pass gun proof?—A. No.

Q. I heard some one say it was a simple matter. Do you look upon it as a simple matter?—A. We haven't finished the job.

Q. I mean, have you not made any inquiries?—A. Yes.

Q. Have you heard that it is a simple matter to pass gun proof?—A. I would imagine it was not from everything I have asked.

Q. That is, I am speaking of the British 80 over 5—mark 5?—A. Over 7 now, the one we are making.

Q. Do you know where these fuses are tested?—A. Well, they are not being made yet. They are going to be tested at Valcartier, I presume.

Q. You know they are testing those fuses that are being made by the International?—A. Yes.

Q. Have you been down at any test?—A. No. You mean now the gun test?

Q. Yes?—A. I have never seen any gun test.

Q. Do you know the difference between the Russian and the British fuse?—A. If one was on the table as a Russian fuse—

Q. And marked Russian you would know it?—A. I would know those two, I think.

Q. Have you ever gone into them?—A. No, I have only seen one Russian fuse.

Q. I suppose you have seen the British fuse?—A. Yes.

Hon. Mr. DUFF: Your plans have the concurrence, I suppose, of the Imperial Munitions Board?—A. I think so.

*By Mr. Atwater*

Q. May I ask you, Mr. Hathaway, if you know of the International Arms and Fuse Company?—A. Yes.

Q. You have had occasion, I believe, to seek their advice and assistance, have you not?—A. I have.

Q. Have you received it?—A. Well, I only wrote them two letters and I had answer to both of them, yes.

Q. Did you not go down yourself?—A. Yes.

Q. Did you get any hints from them?—A. I always do.

Q. Then you acknowledge that you received some assistance from them?—A. Yes. If I go through any plant I would pick up something by observation.

Q. But beyond what you were able to pick up from your own observation, did you get any advice or assistance from them or any of their experts?—A. They answered all my questions.

Q. And you asked a good many?—A. I have no doubt of it.

[Joseph D. Hathaway.]

Q. And is it not so that you have made use to the fullest possible extent of the knowledge and training of the experts of the International Fuse Company?—A. You say full use?

Q. Yes, the fullest use that you can?—A. No, sir.

Sir WILLIAM MEREDITH: Are you claiming a commission for the International?

Mr. ATWATER: No, sir; but I do want to show by Mr. Hathaway, and I think he will admit it, that the International people have given the fullest assistance to the Munitions Board?—A. They have answered all my questions I have ever asked them, very courteous in every way.

Q. And they have given you every assistance that you asked for, have they not?—A. Yes.

Q. Are you using their book of instructions prepared by Major Hawkins in connection with the making of these fuses?—A. I have never seen it.

Mr. NESBITT: There is a copy filed. You might take it off the file.

*By Mr. Carvell*

Q. Did you write any letters to the Shell Committee regarding the manufacture of fuses to which you have not received replies?—A. No, sir, so far as I know.

Q. So far as you know everything was answered, and so far as you know the whole correspondence is on the record at the present time?—A. As far as I know.

Q. Do you hope to load fuses that will properly function?—A. I certainly hope to.

Q. And you have no experts?—A. No.

Q. Do you expect to have an expert other than what you have now?—A. No.

Mr. JOHNSTON: Live and learn is his motto.

Mr. CARVELL: I think that is all.

Sir WILLIAM MEREDITH: What do you mean by experts?—A. I don't know.

Q. Who are the skilled men that are guiding you, or are you the skilled man that is guiding others?—A. I am one of them. I have a staff of men that I have picked up, some of our own employees that have been with us for years.

Hon. Mr. DUFF: That is, Northern Electric employees?—A. Northern Electric employees.

Sir WILLIAM MEREDITH: Do you think that a man with your knowledge as a mechanic and a manager of a plant could successfully look after the manufacture of two million of fuses, having had no experience in such manufacture?—A. That is what I am attempting to do.

Q. There is one thing you are well equipped with—faith.—A. Well, I may need it.

Q. When will we have the proof of what your work has amounted to?—A. This month.

Q. Couldn't you advance it a few days?—A. If I hadn't had to come up here one day I might have been one day ahead. No, I think that is the best we can do.

Q. By the end of the month?—A. Sometime this month.

Hon. Mr. DUFF: What do you expect to be doing by the end of this month, Mr. Hathaway, just broadly?—A. Loading fuses for test this month.

Q. You will have loaded fuses for test this month?—A. Yes.

Sir WILLIAM MEREDITH: Were you here when this gentleman from Ohio was examined?—A. The one to-day?

Q. Yes. He described the difficulties about powder, the condition and all that.—A. Yes.

Q. Where did you learn that?—A. Well, the International Arms and Fuse have a system like that, although I gathered most of my information from the American Locomotive Works, the Walco Manufacturing Company.

Q. Do they make fuses?—A. They do, very successfully.

Q. Time fuses?—A. Yes, sir.

Q. And load them?—A. And load them.

Q. So you have banked on other people's brains to a considerable extent?—A. As far as I could.

Mr. NESBITT: But unless you had seen those actually at work you could not have done this work at all I suppose?—A. I would not say that. It would take us longer. Just what is your question again?

Q. Until you had seen the work actually being done by those people had you any experience yourself?—A. Absolutely none.

Hon. Mr. DUFF: You say you had no experience beyond seeing that?—A. Not in fuses.

Sir WILLIAM MEREDITH: I suppose to-morrow at the usual hour?

Mr. HELLMUTH: Ten o'clock.

Mr. EWART: Before the Commission adjourn may I bring before them a personal matter relating to Major General Sir Sam Hughes?

He received this telegram from the Pinkerton National Detective Agency—

Sir WILLIAM MEREDITH: I was just going to send you down one.

Mr. EWART: "In your testimony before the Royal Commission as reported in the Ottawa Free Press of May 31st you are quoted as testifying that you found Pinkertons in the pay of the Germans. That statement is absolutely false. Pinkerton's National Detective Agency has not done one dollar's worth of war business for the German government or their Allies or any of their connections or representatives in this country. We have not in any way been associated with Sir Courtenay Bennett or any one else in the matters referred in your testimony. We are sending similar telegrams to this to the Chairman of the Commission and to the Ottawa Free Press."

I find that at page 1224 of the evidence Sir Sam Hughes is reported in this way:—

"I also made inquiries into that outfit and found that it was to all intents and purposes a fake scheme run by Pinkerton detectives in the pay of Germany, and I also found other interesting facts which could be brought out in connection therewith."

The General asks me to explain that when he used the word "Pinkerton" he used it in the generic sense, just as for some years it was very customary to use the word "Singer" for sewing machines, that being the best known kind of sewing machine; and many other examples could be given. He had no idea at the time of declaring that the Pinkerton organization were particularly the organization associated with these persons otherwise named here, and he authorizes me to express regret for the use of the word "Pinkerton" accompanying that phrase.

Sir WILLIAM MEREDITH: A similar telegram was sent to me.

Mr. HELLMUTH: Then ten o'clock?

Sir WILLIAM MEREDITH: Ten o'clock to-morrow morning.

(At 6.15 p.m. Monday, June 5th, adjourned to 10 a.m. to-morrow, Tuesday, June 6, 1916.)



# ROYAL COMMISSION.

TWENTY-SIXTH DAY.

MORNING SESSION.

OTTAWA, Tuesday, June 6, 1916. 10 a.m.

Mr. HENDERSON: Messrs. Commissioners, we ascertained last night that Miss Edwards was unfortunately unable to come. I had conversation with my friends Mr. Johnston and Mr. Carvell and told them that it was our intention to telephone the bank in New York and asked that the particulars of the account bringing it down to date be sent by telegram or mail, preferably by telegram. My friends said that on consideration they felt that that would accomplish no good purpose, and the matter simply has to drop there as I understand it.

Mr. CARVELL: Messrs. Commissioners, Mr. Henderson has correctly stated the interview which we had last evening. I did not feel, and do not now, that a telegram from a bank in New York would throw any light upon the disposition, if there be any disposition, of this money.

Sir WILLIAM MEREDITH: Supposing the telegram shows that no money has been drawn, would not it be of service?

Mr. HENDERSON: I may say that I went a step further. We intended to ask the bank in whose favour the cheques had been drawn.

Sir WILLIAM MEREDITH: Have the cheques been returned to her yet?

Mr. HENDERSON: The American system as explained by Colonel Allison is that the bank sends the customer a monthly statement. As of the last monthly statement the account was as book shows it. There have been a few cheques.

Sir WILLIAM MEREDITH: I should think for the information of the Commission, so far as I am concerned, that if the bank would send a statement of how the account stands and the cheques drawn upon it, and in whose favour they have been drawn, it would be satisfactory.

Mr. HENDERSON: That can come forward in due course of mail, or I will ask for it by telephone if thought proper.

Mr. GRANT: Telegraph.

Mr. HENDERSON: They would not act on a telegram. We would ask them to telegraph.

Mr. HELLMUTH: If you were to telephone to-day you could have the letter here to-morrow morning.

Mr. HENDERSON: I think so. Personally I will not be here, but we will do that if it is desired.

Mr. HELLMUTH: I understand that there are two witnesses, Mr. Kirby and Mr. White.

ARTHUR KIRBY, sworn and examined.

*By Mr. Grant:*

Q. Mr. Kirby, where are you employed now?—A. I am at present employed by the Russell Motor Car Company in Toronto.

Q. Before you went with them with whom were you employed?—A. The Canadian Allis-Chalmers, otherwise the Canadian General Electric.

Q. When did you go with the Russell people?—A. Well, about ten weeks back, ten to twelve weeks back.

Q. About three months ago?—A. Yes.

Q. Before you went with the Allis-Chalmers where were you employed?—A. The Canadian Fairbanks Company.

Q. How long were you there?—A. Six months.

Q. And how long with the Allis-Chalmers?—A. Four and a half years.

Q. Then we are back now a little over five years. Where were you before that?—A. Vickers Sons & Maxim, England.

Q. What were you doing with that firm?—A. Working on fuse work, superintendent of the number 80 fuse.

Q. Is that a time fuse?—A. Time and percussion fuse.

Q. Is that what we call the 80 mark?—A. No, this was the number 80 mark 4.

Q. What is the difference between that and the 80 mark 5?—A. The difference is that one has brass graduated time rings, whereas the other is all aluminium.

Q. Is there any difference in the mechanism of the two fuses?—A. None whatever.

Q. Simply a difference in the material?—A. There is a difference in the material.

Q. How long had you been engaged with the Vickers Sons & Maxim people on these fuses?—A. Between 5 and 6 years.

Q. In what part of the work were you engaged?—A. I took the job right away through, from the commencement to the finish. I took hold of the job when it was first delivered by the Government.

Q. Do you mean the first order of No. 80 fuses ever made?—A. Yes.

Q. By the British Government. I understand it is a German invention?—A. It was invented in Krupps Works in Germany.

Q. And the rights bought by the British?—A. Yes, I believe the rights were bought by the British.

Q. Where were these fuses used that were made at that time?—A. They were used by the British Government, by the artillery.

Q. Who looked after the loading of these fuses?—A. I looked after it myself for about ten months until the plant got too large for one man to supervise.

Q. Was there any one over you looking after the loading?—A. No.

Q. Did you have to pass gun tests with the fuse?—A. Oh yes, we had to pass all the tests; every lot had to go through all the tests before being taken out the factory.

Q. Was your output large or small?—A. Well, of course at the commencement, say in the first eight months—at the end of eight months we were delivering somewhere about a thousand a day, five thousand a week.

Q. Then the output increased?—A. Yes, then the output increased.

Q. Were there difficulties about the loading?—A. Well, of course, there were vast difficulties especially at first, because we had to do a lot of experimenting.

Q. After the experimental stage was passed did you overcome those difficulties?—A. Yes, to the extent that we could get our work passed, with about three per cent of rejects.

Q. Did you ever get below the three per cent limit?—A. We might on one lot, but on the average I would not say any less than three per cent.

[Arthur Kirby.]



Q. You say that you were in charge of the loading department for how long?—  
A. About ten months.

Q. In complete charge. Then when the output increased some one else came on along with you?—A. That is so, yes.

Q. Is there any trouble about the powder used?—A. Well, we had to work to the government specifications, they supplied specifications and we were supplied by outside manufacturers, and we had to blend it.

Q. Do you know Colonel Carnegie of the old Shell Committee?—A. I have met a Mr. Carnegie in connection with the Shell Committee two or three times.

Q. Is there any doubt that that is the Colonel Carnegie who is looking after the Shell Committee?—A. I have no doubt that he was introduced to me.

Sir WILLIAM MEREDITH: There is no doubt about that. Let us get on.

Mr. GRANT: When did you meet Colonel Carnegie first?—A. The first time was either the end of November or the beginning of December, 1914.

Q. Where was it?—A. He visited me at the works, at the General Electric Company.

Q. That is in Toronto?—A. Yes.

Q. What took place between you?—A. He asked me for information about the fuse, what I knew about the time and percussion fuse, and I gave him just a short account of it. He was not with me many minutes; I do not think he was in the factory much above ten minutes altogether from the time he came in until he went out.

Q. On that occasion did you tell him whether you were able to load fuses or not?—A. I cannot say whether I said anything about loading, I would not be sure.

Q. What was the nature of the conversation, question and answer?—A. I simply answered questions he asked me.

Q. Yes, you simply answered the questions he asked you, a very short interview?—A. Oh yes.

Q. Did you see him again?—A. I saw him again with Mr. Russell and Mr. Lloyd Harris; that would be at the Queens Hotel.

Q. When was that interview?—A. It was somewhere before June of last year.

Q. Somewhere before June of 1915?—A. Yes, 1915.

Q. Had you had any consultation with any one about manufacturing fuses before that interview?—A. Before the later interview?

Q. Yes.—A. Oh yes.

Q. With whom?—A. Mr. Lloyd Harris, and also Mr. Russell.

Q. On many occasions or only once?—A. Several occasions.

Q. Giving them information?—A. I had given them information, prices, and the prices of machines and also labour.

Q. Had you taken this matter up with Mr. White of the Allis-Chalmers Company?—A. Mr. White and myself took it up very strongly.

Q. In detail?—A. In every detail, yes.

Q. What was the detail?—A. Well, as I say, we worked the thing out; I gave all the information in my power to give in regard to working and prices and labour and the machines required on the job, the number of operations right away from start to finish.

Q. Did you get down to a figure at which you could make these fuses?—A. Oh yes, we arrived at a figure at which we could make them.

Q. Loaded or unloaded?—A. Not in the first place, I didn't give any on unloaded.

Q. Your first was on loaded fuses. I don't know whether you care to tell me—can you give me the figure?—A. The figure of the whole thing complete?

Q. Yes, the fuse complete?—A. Well, it amounted to—the labour and material only—

Q. Labour and material, the fuse complete, loading and everything?—A. Well, it was around \$3, I couldn't just say to a few cents.

Q. Around \$3?—A. Yes.

Q. Is that the price at which you could supply the fuse?—A. That is the price at which we could supply the fuse at that time.

Q. Did that allow anything for profit?—A. Oh, yes, no firm can run without profit.

Q. At what time was that?—A. That was at the beginning part—no, the latter part of 1914.

Q. I suppose it is only fair to say that material did increase in price after that?—A. Yes.

Mr. EWART: You are speaking of loaded fuses?

Mr. GRANT: Yes, loaded time fuse number 80.

Q. Perhaps you could tell me which is the greater factor in the cost of the fuse, the material or the labour?—A. Oh, the material.

Q. The material costs more than the labour?—A. Oh yes.

Q. I would have thought it was the other way, I may be wrong?—A. The small operations are done so quickly, and by female labour—I was figuring on using about 80 per cent female labour.

Q. Could you get that labour in the vicinity of your plant?—A. Yes.

Q. What do you say as to the ability of the Allis-Chalmers Company to make fuses loaded?—A. They had every facility in my estimation, they had a good plant, a good tool-making plant.

Q. Did you ever make one of these fuses here?—A. I made one about the beginning part of 1915 for demonstration purposes.

Q. Have you got that with you? Did you have any special machinery?—A. No, simply made it on the tool room machinery. Mr. White has that fuse.

Q. You did not load it?—A. Oh no, you need not be afraid of it blowing up.

Q. Would you require other machinery to load it?—A. Oh, certainly.

Q. This is the one, is it?—A. Yes, that is the one.

Q. You made that on the machines you had there without any special machinery. What did you have to make it from, specifications?—A. I got hold of a print, I don't know exactly where it come from, Mr. White handed it to me.

Q. A blue print?—A. No, it was more a photograph, I said a print.

Q. And you made this from a photograph, without specifications and without a sample?—A. Yes.

Q. But you had seen them made before, had made them?—A. Oh, yes.

Q. Then, this second interview, who was that second interview with?

Sir WILLIAM MEREDITH: That is all down, Mr. Lloyd Harris, Mr. Russell and Mr. Carnegie.

Mr. GRANT: You say that was just shortly prior to June?—A. Prior to June, I would not be sure to a month, it was before June.

Q. And you didn't get started making them until you went to the Russell people quite lately?—A. They started—not exactly making them—

Q. Have you any difficulty now? You are making them now with the Russell people?—A. Yes.

Q. Not loaded?—A. No. Of course we have difficulties the same as any other new thing, but we are getting along good now.

Sir WILLIAM MEREDITH: Any questions?

Mr. HELLMUTH: I have none.

Sir WILLIAM MEREDITH: Anybody else?

*By Mr. Lafleur:*

Q. Did you get any training in engineering?—A. I served my apprenticeship as a toolmaker.

Q. Is that an apprenticeship as a mechanical engineer?—A. As mechanical engineer.

[Arthur Kirby.]

- Q. Where was that?—A. George Kynoch's Limited, Birmingham, England.
- Q. How long were you there?—A. 14 years.
- Q. They were not making any munitions there?—A. Yes, sir, every munition practically that was made.
- Q. Were you?—A. Yes sir.
- Q. What kind?—A. I could not specify any one kind, because we were making practically everything that was made for the Arsenal.
- Q. Did you make fuses there?—A. Yes, not this kind.
- Q. What kind?—A. The Hotchkiss and the graze fuse chiefly.
- Q. Not time and percussion?—A. No, they were not made.
- Q. Where were you after that?—A. The Birmingham Small Arms people.
- Q. What were you doing there?—A. Foreman over a section of machines, tool making.
- Q. What kind of machines?—A. Repetition machines, making parts of small arms.
- Q. Had you any experience there fuse-making?—Oh, no.
- Q. Where did you next go?—A. Vickers Sons & Maxim's.
- Q. That is in what year?—A. 1905.
- Q. What position did you hold there?—A. Well, I held the position of general foreman when I went there first.
- Q. How many men had you under you?—A. Oh, about 120, I should say.
- Q. Who were your superiors? Had you a superintendent?—A. My superior was Mr. R. F. Hall.
- Q. What was he, works manager?—A. Yes.
- Q. How long were you in Vickers'?—A. Around five years.
- Q. What were you doing during those five years, what kind of work?—A. All on fuse work.
- Q. Fuse work?—A. Yes, sir.
- Q. All on this kind of fuse?—A. This and a similar kind that was made for a foreign government during the Russian-Japanese War.
- Q. A time and percussion fuse?—A. A time and percussion fuse, yes.
- Q. Was the Russian fuse a time and percussion as well?—A. No, it was not a Russian fuse.
- Hon. Mr. DUFF: A fuse made for a foreign government during the Russian-Japanese War.
- Mr. LAFLEUR: How long did you work at the time and percussion fuse number 100 mark 4, in Vickers?—A. Never worked on it.
- Q. Number 80 mark 4?—A. About four and a half years.
- Q. What part of the work were you doing?
- Hon. Mr. DUFF: Mark 5?—A. Mark 4.
- Mr. LAFLEUR: Is there much difference between the mark 4 and the mark 5?—
- A. The chief difference is in the metals.
- Q. Not in the construction?—A. The construction is practically the same.
- Q. What part of the work were you finally doing there?—A. As I said, I was already there, and we made good—that fuse, the time fuse we were making for this foreign government, and I saw that fuse right through from the casting shop to the testing ground.
- Q. Did you do the assembling?—A. Yes, we did the assembling.
- Q. Were all the component parts made there?—A. No, there was a little creep spring not made there.
- Q. Was it under your supervision?—A. Yes.
- Q. Did you have charge of the mechanical part?—A. I was in charge of the whole thing until it got too big for one man to look after.
- Q. Of the blending of the powder as well?—A. Yes.

Q. And the loading?—A. Yes.

Q. Of course you were using English powder?—A. Oh, certainly.

Q. Do you know anything about American powder, of the blending of that?—A. I never had any experience of it at all.

Q. When you were discussing the matter with Mr. White or Mr. Russell, or Mr. Lloyd Harris, did you consider the difficulty presented by the new powder that you would have to use?—A. I had not gone that far into the question, to tell the truth. I had not made inquiries of the powder manufacturers as to what they could supply, how near they could get to the British specifications. It depended on what they could supply.

Q. You had not gone that far?—A. I had not gone that far.

Q. When you were in Vickers did you have anything to do with buying materials?—A. Not the actual buying. I had the prices put before me before the material was bought.

Q. You had nothing to do with price?—A. I had really nothing to say in that, no.

Q. When you discussed the proposition with Mr. White, Mr. Harris, and Mr. Russell, did you have any experience of the price of materials required for these fuses?—A. I hadn't got any experience as regards prices or material, I had to get them through the purchasing department.

Q. From the purchasing department in what firm?—A. In Toronto.

Q. The Allis-Chalmers firm?—A. Yes, it was.

Q. Who was it that reported to you as to the prices of materials?—A. Our own purchasing agent.

Q. Who was he?—A. Mr. DeWinter, I believe his name is, he was connected with the Canadian Allis-Chalmers Company.

Q. It was his statement as to the price of material that you took in making up this figure of \$3?—A. On the material, yes.

Q. I suppose you know how many kinds of metal go into making a fuse of this kind?—A. Certainly.

Q. How many are there by the way?—A. Well, there are four metals.

Q. Four metals?—A. Four metals, that you could class as different metals.

Q. What are they?—A. Steel.

Q. Yes.—A. Brass.

Q. Yes.—A. There are not four, there are only two, steel and brass.

Q. Anything else?—A. That is only two metals that are used in the present fuse, in the one we are making now.

Q. I am not speaking of the one you are making now but the one you gave the price of \$3.00 for time and percussion fuse?—A. There were three metals used there.

Q. What were the metals?—A. Aluminium, brass and steel.

Q. Anything else?—A. No.

Q. Had you got prices of these three metals?—A. No.

Q. Did you know what the difficulties were in the way of getting aluminium after the war began?—A. It was only a short time after the war began when I got my prices of stuff; it probably had not had time to affect it.

Q. You cannot get any nearer than that to the date when you fixed a price?—A. No, I could not; it was only a month or two after the war; it was before the new year.

Q. You could not have given the same quotation on March 8, 1915?—A. Oh certainly not.

Q. Do you know what difference you would have had to make on that date from your estimate of \$3.00?—A. No.

Q. You have not considered that?—A. No.

Q. Because you know that is that date on which Mr. Melville White wrote to Colonel Carnegie stating that he had gone into the matter with you (page 445)?—A. Yes, that may be so, because I say I had not personally gone into the price of materials myself at all, because I do not profess to be—

[Arthur Kirby.]

Q. Beyond that estimate that you made at the end of 1914 you did not go into the price of materials at all?—A. Not myself.

Q. At all?—A. I have given other people information, I have not gone into it at all myself, not since, no.

Q. You do not know what the price of aluminium and brass and steel was in March, 1915?—A. No.

Q. You never got information on that subject at that date, did you?—A. No.

Q. So that you could not have given Mr. Melville White any reliable information on which he could base a quotation in March, 1915?—A. Only on machinery and capacity of production, not on material.

Q. You have not seen that letter of Mr. Melville White's March 8th, 1915, page 445?—A. No, I have not seen that letter.

Q. Because he says there, speaking of his interview with you and of the information which you had given him, "We could likely find a shop ready to hand with nearly everything but power and machinery, and that would enable us to get going quickly. We figure that we could be able to begin shipment of fuses in about three months after obtaining all necessary information and details."

Was that your estimate of the time that would have been required to begin to deliver fuses after getting the necessary particulars?—A. Yes, about three months at that time of the year.

Q. At that time of the year?—A. At that time like from the beginning of the war.

Q. That is not the beginning of the war; I am speaking of March 8, 1915.

Hon. Mr. DUFF: He said at that time from the beginning of the war.

Mr. LAFLEUR: Tell me, in the month of March, 1915, could you then have delivered in three months, is that still your opinion?—A. Yes, I believe we could have begun deliveries at the end of June.

Q. Substantial deliveries?—A. Well, of course our deliveries would have commenced very small, probably a thousand a week.

Q. Do you think you could have delivered 1,000 a week three months after the 8th March if you had got the particulars and specifications on that date?—A. I am quite sure.

Q. You are sure of that to-day, just as much as you were then?—A. Every bit; I have had nothing to alter my opinion.

Q. I suppose you had calculated on making arrangements with bankers for the necessary capital for starting an enterprise of that kind?—A. Well, the financial part of the business I did not have anything to do with at all.

Q. Who was looking after that?—A. As regards that Mr. White himself was looking after it.

Q. Mr. White was going to look after the financial part?—A. Yes.

Q. Had you made any inquiries as to getting options on material?—A. We did not get any, not to my knowledge, we got no options on material.

Q. Any options on machinery?—A. No, we did not get any options on machinery; after the trouble we had had before we did not see it was advisable to take options until we got something to work on, some straight answer.

Q. You had no options at all?—A. No.

Q. What were you going to do about gauges, had you considered that?—A. Yes.

Q. Where were you going to get your gauges?—A. We are getting them to-day, we could have got them easier then than we can get them to-day; what we could not have made in Toronto under our own supervision or in shops already in Toronto we could have got made at other places.

Q. No trouble at all about gauges?—A. I won't say there would be no trouble; we might have seen a little bit of trouble where we were not looking, but I do not think we would have had any trouble to speak of.

Q. I suppose you have heard that such a considerable concern as the American Ammunition Co. could not get gauges for a long time; do you know there was a great

difficulty in getting gauges for this kind of work?—A. I do not know, no; that is the first I have heard of it.

Q. How many gauges do you say it would have required to start the enterprise on the footing on which you were considering it; have you any idea?—A. It takes somewhere around 280 gauges, I believe 280 gauges for each fuse.

Hon. Mr. DUFF: What do you mean by that when you say 280 gauges?—A. That is to complete a fuse.

Q. That is to say you would need sets of 280 gauges each, is that your meaning of it? Because we have heard here, I understand, from Mr. Russell, that different sets of gauges were required. When you say you require 280 do you mean one set of gauges for the fuse consists of 280?—A. That is so. Before you can gauge a fuse right through you have to have 280 odd gauges.

Mr. LAFLEUR: What were you going to do about skilled labour; had you considered that?—A. Yes, we had considered it, at the time we did not see any trouble ahead.

Q. No trouble ahead?—A. No.

Q. You had of course at that time no skilled labourers, male or female, that knew how to make fuses?—A. Well, but then we had not had actual work on fuses.

Q. There had been no fuse work done at all?—A. There had been no fuse work done at that time.

Q. And I suppose you will admit it requires some training to make a delicate machine like this time and percussion fuse?—A. Well, the training is more due to the abilities of the man you are training, of course, and the abilities of the man that is training them; it relies upon the two; they have both to use judgment and common sense; but with the fuse taken by itself, take that article there, there is nothing in that fuse but what an ordinary skilled mechanic ought to be able to do, less the loading.

Q. A good deal more than common sense is required to make a stirrup, is it not?—A. A man that is used to working metals, he ought to have the common sense to be able to make it all right.

Q. You have never found any difficulty in training people to make these stirrups or any of the component parts of that fuse?—A. No more than the ordinary difficulty experienced in training people to make other parts, other things.

Q. Are you making stirrups now?—A. We are just starting on making them; we have made a few.

Q. When you are speaking of having no trouble you really have not got to the end of your experiments yet as far as stirrups are concerned?—A. As far as that is concerned we have not got to the end of them, but that remains to be seen how much more we have to do. We have had to buy a few stirrups since so as to be able to keep within the terms of our contract.

Q. I am asking you that because men of very considerable experience and learning have testified here that the making of the stirrup is a most delicate and difficult operation; are you prepared to disagree with that?—A. Yes, I am. I cannot understand what they mean really by saying it is a delicate operation. The delicacy comes about really at your rolling mill where you are getting your metal from; it does not come about in the actual manufacture of the ring; that is up to the merchant that supplies your metal; it depends on the temper of the metal.

Q. That is the only difficulty, the temper of the metal?—A. Yes.

Q. The rest is just simply mechanical work?—A. That is all.

Q. You said you had your successful experience as far as the firing test is concerned when you were in Vickers?—A. Yes.

Q. What was the allowance, the mean difference, for any given period, take a period of 16 seconds, for instance, what would involve a rejection, what mean difference would involve a rejection, what fraction of a second?—A. If I remember right I believe it was two-fifths at the time.

Q. Two-fifths of a second?—A. Yes; that was two-fifths of a second I believe was the limit given to us on taking 12 seconds.

Two-fifths of a second on twelve seconds, that was the mean difference?—A. That was the difference allowed to us.

Q. You say that your fuses passed on test successfully with the exception of 3 per cent?—A. 3 per cent taking the order—

Q. Taking the whole of that order from the start to the finish?—A. I was taking the whole of the order; I won't go that far, because there was the experimental work.

Q. I thought that was going far; I would like you to explain?—A. I might have said that after the experimental stages which we made I believe our order called for 280,000 of those fuses, and we should take say 50,000 experimental fuses out of that, and we would get 230,000, on which there were 3 per cent rejects.

Q. What was the extent of the order that you spoke of in which there were only 3 per cent rejections?—A. 230,000.

Q. And it is on that, you say, you only—?—A. We came out with 3 per cent rejections on finished work.

Hon. Mr. DUFF: You mean to say that after making 50,000 you reached that degree of perfection?—A. That was so, yes.

Q. And was the making of these 50,000 you speak of entirely under your own supervision?—A. Entirely under my supervision, yes.

Mr. LAFLEUR: Was it also a part of your duty to ascertain what the difficulties were that led to rejections in the firing test?—A. Certainly; I had inspectors going around and finding out the cause; after rejections came through they were examined to find out what the cause was.

Q. Was it you that received the reports of the firing tests?—A. Yes.

Q. They were submitted to you?—A. They were sent to the firm and then submitted to me afterwards.

Q. When you were at Vickers what was the time toleration on the test at rest?—A. I believe if I remember right some were around four-fifths.

Q. Are you quite sure of that now?—A. I won't be absolutely certain of it.

Q. You won't be certain it was not one-fifth instead of four-fifths?—A. No, it was not so low as one-fifth.

Sir WILLIAM MEREDITH: Why don't you know?—A. It has been quite a long while ago that my memory is not so good now. I had a severe illness the beginning of this year, and I will say it certainly is not so good.

Mr. LAFLEUR: But you are making fuses now, and you surely cannot have forgotten all you ever learned about fuses if you are at the same work now?—A. That is simply one question I am doubtful about; but the other parts I can answer clearly; the part that you are asking me about now is a part I have not taken up so much just lately, for the simple reason I am not interested in it; I am not doing it; I am not interested in the loading for the reason I am not doing it at all.

Q. Do you know on what ground these rejections were based that you are speaking of, those 3 per cent of rejections?—A. They were based on the Government reports.

Q. What were the defects?—A. Some were late and some were quick firing.

Q. Premature; you were not sufficiently interested to find out what the toleration was, or did you know at that time?—A. I did know then.

Q. And you do not know now; have you the slightest idea what the American toleration is?—A. No, I know nothing at all about it.

Q. Do you know what the toleration is here in Canada now?—A. No, I do not.

Q. On March 8, 1915, or during that month do you know what the English toleration was?—A. I could not tell you.

Q. Did you know what the English toleration was when you made this calculation of \$3 for fuses at the end of 1914?—A. No, I did not.

Sir WILLIAM MEREDITH: What capacity of works had you in contemplation erecting when you were negotiating with Mr. White?—A. I believe I gave, we were calculating on it being about 1,000 a day, 5,000 a week.

Q. What capital expenditure would that involve?—A. Around \$200,000.

Q. Had you secured a place to locate a factory?—A. No, we had not.

Q. What was your calculation, when you figured upon \$3, of the extent of an order?—A. Well, the order was not taken into consideration at all.

Q. It did not matter whether it was one thousand or ten millions?—A. You could not make one thousand.

Q. What was it based upon; it must have been based upon something?—A. It was based upon getting probably an order for half a million or over.

Q. Will you tell me in addition to the labour and the cost of materials what elements entered into your calculation?—A. Well, nothing really actually entered into mine; that was all that I gave, was simply the cost of material and—

Q. Did you make any allowance for the cost of organization, management, superintendence?—A. As I said, the financial part of the business I did not touch.

Q. You did not attend to?—A. No.

Q. Of course you did not consider the question of—do you know what amortization is?—A. No, I cannot say as I do.

Q. Your plant would be no use after your order is completed, and the price should include enough to pay for the work; did you include that?—A. I expect I did.

Q. Don't you know?—A. I did not go into the financial part of the business; I based my price on the machines and so on.

Q. Does that mean that your idea was that \$3 would cover the cost of labour and material?—A. Yes.

Mr. LAFLEUR: That was not the price of the fuse.

Mr. GRANT: I think the answer he has given—

Sir WILLIAM MEREDITH: I do not think you should ask any questions after I have asked.

Hon. Mr. DUFF: How many fuses about passed through your hands or passed through your supervision at the Vickers from first to last, time fuses I mean?—A. About 350,000 to 400,000.

Q. What would you say with regard to the gun test, the proportion of rejections on the gun test?—A. On the first thirty or forty thousand they were foreign fuses, I don't know anything about it; we did not test them ourselves; we did not get the tests of those, but after the first fifty thousand of our own fuses we came out with 3 per cent.

Sir WILLIAM MEREDITH: What did you want to ask him, Mr. Grant?

Mr. GRANT: I thought the last question he gave to your Lordship was a bit misleading, that he did not make this computation alone, Mr. White and he made it together.

Sir WILLIAM MEREDITH: His answer is there.

Mr. GRANT: However, Mr. White is here; we will call him.

*By Mr. Laflamme:*

Q. Do you know whether you were in the employ of the Canadian General Electric Co., about the 15th February, 1915?—A. Yes.

Q. Could you remember whether you saw Col. Carnegie during that month of February, 1915?—A. That I could not say, I am sure; it was early in the year, but it was before June; I seen him just the twice.

Q. If I remember right Col. Carnegie told the Commission that what you told him was that you had had experience in the manufacture of the mechanical part of the fuse and in testing of loading fuses, is that right?—A. And in the testing.

[Arthur Kirby.]



Q. Yes?—A. Yes, that was quite right.

Q. Did you tell him anything else?—A. No, I cannot call to mind what our conversation was, but it was very short, the same as the first one, very short indeed.

Q. Are you aware that on the 15th February, 1915, Col. Nicholls, your principal, considered that in order to undertake the manufacture of these fuses it would be necessary for one or more of his operatives to visit some works in Great Britain?—

A. That was a proposition that was made, I believe.

Q. Did Col. Nicholls discuss the matter with you?—A. No, not with me.

Q. Did the fact come to your knowledge that Col. Nicholls had come to that conclusion that it would be necessary to send some of his men to Great Britain?—A. I believe I did hear something about it.

Q. How did you hear about it?—A. That is what I am trying to think; you mention the matter, and I am doubtful whether—I won't say anything on the point; I cannot say for certain.

Q. Can you tell the Commission any reason why it should be necessary to send a few of these men over to Great Britain?—A. Well, it certainly would have been a good proposition.

Q. Why?—A. It would have been some five years since I have had anything to do with it, and during the necessities of war there would have been lots of things take place that would suggest improvement in many ways, and it would have probably saved a lot of experimental work in some ways to get the best results.

Q. I am sure you concur with Colonel Nicholls opinion in that regard?—A. Yes.

Q. That is would have been safer to do that?—A. Yes, certainly.

Q. Can you remember about the time the Russell people approached you?—A. The Russell people I believe first approached me early in the year of 1915, somewhere around January or February, probably February.

Q. For what purpose?—A. That was on the fuse business; they had heard I had had some experience in it, and they wanted to get information as regards possibilities of manufacturing here.

Q. Did you give them all the information that you possessed at the time?—A. I did.

Q. If that is so can you give any reason to explain why on the 13th May the Russell people were trying to get admission for their Mr. Burt into the Woolwich Arsenal in order to obtain information?—A. No, I could not give any information on that at all, because I never heard of it before.

Q. I am giving it to you as a fact, that on the 13th May the Russell Motor Car Co. were telegraphing the Shell Committee for permission to allow their Mr. Burt, then in Great Britain, to visit the Woolwich Arsenal in connection with proposed contract for time fuses?—A. It certainly was a good proposition.

Q. Why?—A. I believe Mr. Hurt is a mechanical man, and if he could get into the Arsenal, and they got an order for fuses, well, he would see some things that a man in his position would be able to utilize to good effect.

Q. It would, I take it to be for the same reason as it was a good idea for Mr. Nicholls to suggest that a few of his men in the early part of the year 1915, be sent over to Great Britain?—A. Certainly.

Q. When the Russell people decided to manufacture the unloaded time fuses under their contract of December, and knocked off \$1.50 to represent the cost of loading, did they discuss the matter with you?—A. No, I don't think they did; no, they did not say anything to me about the unloaded fuse; as regards the loaded fuse, when they were negotiating for that order, they interviewed me on that order, but unloaded fuses was not mentioned in my presence.

Q. You say on no occasion in December or January did they discuss with you the advisability of giving up the loading, or the amount which would be deducted from the \$4.25?—A. Never mentioned it at all.

MELVILLE P. WHITE, sworn.

*By Mr. Grant:*

Q. What is your position, Mr. White?—A. I am the manager of what is known as the Architectural Bronze and Iron Works of the Canadian Allis-Chalmers, Limited.

Q. Is that a plant that uses machinery?—A. We manufacture what is known as architectural bronze and iron work.

Q. Do you operate lathes, and that sort of machinery?—A. We do.

Q. How long have you been engaged there?—A. Since 1906.

Q. Is that work that requires precision?—A. It requires considerable precision.

Q. What negotiations did you have with the Shell Committee about fuses; have you a file of correspondence you could use to refresh your memory?—A. Personally, do you mean?

Q. Yes, personally?—A. I wrote to Colonel Carnegie a letter after our company had decided not to take an order for fuses at that time. That was in the spring of 1915.

Q. Perhaps I can get back a little further than that. Had you gone into the question of the cost of making these fuses earlier than that?—A. Yes sir.

Q. With whom did you take up that question?—A. With Mr. Kirby.

Q. I am not going to ask you for your figures, but were figures compiled?—A. Yes.

Q. How?—A. By going carefully into the details of a fuse, segregating it into all the different parts, classifying the different operations on those different parts and arriving at an estimate of the cost of each operation, and compiling the aggregate of the whole and adding a certain percentage for overhead charges.

Q. Was that work done between the two of you jointly?—A. I took care of the general cost, based upon Mr. Kirby's estimate of the cost of operations.

Q. And the figure arrived at then included the overhead charges, the cost of material and the cost of labour, did it?—A. It did.

Q. Did it include anything for scrapping your plant; I mean that part of the plant that would be useless for your ordinary work after this work was done?—A. It did not. We submitted our costs to the head office, and the head office were negotiating for a price which would include a percentage for depreciation of plant, or amortization of plant.

Q. What do you mean by your head office?—A. The price would have to change according to the size of the order.

Q. But what do you mean by your head office you say you submitted your figures to the head office?—A. The head office of the Canadian General Electric Company.

Q. A figure has been mentioned—I don't know whether you want to give figures or not, but perhaps you had better give me the figure now, if you can, of what your cost was, that is, without scrapping the plant, or the amortization charges?—A. I would rather not give those charges.

Q. Perhaps you can say this; a figure of \$3 has been mentioned. Was your figure more, or less than \$3?—A. It was approximately \$3, rather less.

Sir WILLIAM MEREDITH: Was that cost?—A. Actual cost, at that time.

Mr. GRANT: What time was that?—A. November, 1914, when material was below normal, when labour was below normal, when machinery was below normal, and when everything was below normal.

Q. You did not put in an offer at that time; that was done by the Head Office?—A. The price to the Shell Committee was made by the Head Office.

Q. After Colonel Nicholls had dropped the idea, did you take it up?—A. I did.

Q. Was that the time you wrote the letter you speak of?—A. That was the time I wrote the letter.

[Melville P. White.]

Q. Can you give me the date of that letter—I think it is in?—A. March 8, I think.

Q. March 8, 1915?—A. Yes.

Q. Have you the answer to that letter?—A. Yes.

Mr. NESBITT: It is in as well.

Mr. GRANT: Was there any further letter than that; did you ever write them again?—A. No.

Q. Just one letter and one answer?—A. Just one letter to and one answer from the Shell Committee.

Q. About that time had you made a new computation as to your costs?—A. At that time?

Q. Yes?—A. If you will read that letter you will see that I wrote Colonel Carnegie, feeling that we had a chance to make fuses, that we had enough ability to make them, that they were in great demand, that we thought the War Office would want to get all they could get. We had no idea of taking an enormously large order, but to start on a comparatively small scale, and we were willing to take the risk of assuming all the responsibilities.

Q. At that time had you a plant in view; had you a place which you could have obtained?—A. There was a letter written to Colonel Carnegie asking what the prospects were, and asking for encouragement. We had not a plant in view. If he had given us the slightest encouragement we would have got a plant very quickly, because there were lots of idle plants at that time. All we wanted was a building with a roof over it.

Q. How was the labour market; could you have got the right kind of labour to make those fuses?—A. At what time?

Q. When you put your proposition in on March 8, 1915?—A. I did not quote any price, you will notice.

Q. But could you have got the labour, at that time?—A. We felt that we could. We knew of course that as time went on the proposition would become more difficult, labour was being constantly picked up, and material was considerably increased in price. We knew that the longer we were in starting the more difficult it would be.

Q. And these two letters we have in are the only letters that passed between you and the Shell Committee?—A. Yes.

Q. Did you have any personal interviews at all?—A. No, sir.

Q. You did not see Colonel Carnegie personally?—A. I never saw him personally. I happened to be away from the plant when he called to see Mr. Kirby.

*By Mr. Hellmuth:*

Q. Mr. White, is it a fact that the English manufacturers or the English Government were picking up skilled mechanics in Canada for some time prior to March or April, 1915?—A. I believe they were offering inducements to men in Canada to go there.

Q. And were thousands going there?—A. We lost a number of men from our own plant, in that way.

Q. Did you ever make any calculation as to the number of competent mechanics, skilled mechanics who had been taken from Canada just after or shortly after the war, up to March or April, 1915?—A. No, sir.

Q. Do you know that it was a very considerable number; were you able to judge that from your own experience?—A. The percentage taken from our shops might be ten per cent.

Q. Ten per cent of what you had?—A. Yes.

Q. Would it be fair to say that they were some of the best you had; high wages were being offered?—A. Not necessarily the best. A great many men went because they saw a good opportunity to get a free passage home. They were Englishmen.

Q. They were Englishmen and Scotchmen who had been brought out here on the basis of being skilled mechanics?—A. Brought out here.

Q. But on that basis?—A. They were brought out here on the basis of being skilled mechanics, do you say?

Q. A good many of them?—A. I don't know that; not necessarily.

Q. Were any of the men who left your shop skilled mechanics, or were they inferior men?—A. They were average men, on the whole.

Q. In March, 1915, when you put in this offer, or suggestion perhaps I should say, to the Shell Committee, on what did you base your idea that you could commence the shipment of fuses within three months?—A. In the first place, we only proposed to build one unit, with a capacity of 1,000 a day. It was a comparatively simple matter to build one unit, and to give the time and work to perfect that, as against trying to build 20 or 30 units at one time. It was not a very large proposition we were undertaking, with one loading unit.

Q. Had you ascertained within what time you could get machinery for one unit?—A. We had endless information in reference to machinery and material.

Q. I am afraid that I did not ask you that question, Mr. White. Had you ascertained within what time you could get the machinery necessary for one unit, how soon it could be delivered to you?—A. We had an approximate idea of what we could do.

Q. Within what time could you have had the complete machinery for one unit delivered to you?—A. We were going to ourselves make a considerable number of them.

Q. Within what time could you make yourselves and have delivered to you what you did not make what would comprise one unit and machinery and tools?—A. In order to answer that question, I must explain the type of machines we proposed to use.

Q. I do not want that. I just want to know within what time you could have got everything together?—A. I would say within four or five weeks.

Q. You think that within four or five weeks, with what you could manufacture yourselves and what you could purchase you could have the complete machinery and tools for one unit, in March?—A. Time fuses. Three months seems very short.

Q. But I am asking you about four or five weeks within which you would have the complete machinery and tools for one unit; do you think that is at all feasible, with the knowledge you have now on the subject; was it a miscalculation?—A. I think it was a pretty close calculation.

Q. You would think it would be reasonable to say that it would have taken you three months to have gotten your machinery and your building in shape, that is, a building in which the necessary atmospheric conditions could be preserved, and all that, because you understood of course that that would be necessary, didn't you?—A. Yes sir.

Q. Don't you think it would have taken you at least three months to have got that machinery and the tools for one unit?—A. I think we named too short a date.

Q. Would you now, with the knowledge you have of the subject, think that three months would be too long to get the machinery and the building?—A. It is a different matter now to what it was then.

Q. Well, going back from now what do you say?—A. I think, looking back, that three months was too short a time.

Q. Too short a time for getting the building and the machinery?—A. Yes.

Q. Would you say that it would be eight or nine or ten months before you would be able to deliver?—A. No, I would not say that.

Q. What would you say?—A. I would say five or six months before starting delivery. That would give us ample time.

Hon. Mr. DUFF: For one unit?—A. For one unit, I mean.

[Melville P. White.]

Mr. HELLMUTH: I am not asking about the number of units, at all?—A. One unit is a consideration, apart from the others.

Q. Mr. Gordon, who has been here as a witness, has said that in May or June of 1915, \$4.50 was a reasonable price (a fair price I think were his words) for a time fuse, and that that was a fair price to-day. What do you say at to that?—A. I think, as far as I know, that it is a fair price.

Q. That is, fair to both purchaser and vendor?—A. Yes.

Q. Your calculation in March was, I understand you to say, something under rather than over \$3 for a time fuse loaded?—A. Pardon me, I said in November 1914.

Q. Let me see if we can test that a little. Do you think that the difference in the price of a time fuse between November 1914 and May 1915, was \$1.50, a fair price?—A. The price under \$3 was the cost price, not the selling price. \$4.50 is the selling price.

Q. And that did not take into account, I understood you to say (perhaps I am wrong here) the cost of scrapping or the amortization of the plant?—A. No, it took into consideration overhead charges, but not an allowance for depreciation of the plant covering the short period.

Q. Isn't that a thing that would have to be taken into consideration?—A. Undoubtedly, sir.

Q. So that you do not mean that you could have put through an order which would give the slightest profit to the concern at \$3?—A. No, it was not likely.

Q. Perhaps it would be fairer for me to ask you this; what would you consider was the difference in the fair price, in cents or dollars as the case may be, of the time fuses in November, 1914, and say May or June, 1915; I am speaking of the selling price—fair to seller and to purchaser—what would you say was the difference?—I would think at least \$1 a fuse.

Q. So your view is that between November and May, a period of six months, there would be a difference of \$1 in the fair increase in the price?—A. Yes.

Hon. Mr. DUFF: Did he ever really make an estimate in May? Did he ever apply his mind to the question of the price in May, according to conditions then?

Mr. HELLMUTH: You have heard the question asked by Mr. Justice Duff; did you ever apply your mind to the question of the price in May according to conditions then?—A. I applied it in this way, that we had a careful cost taken in November, and we knew frequently the current prices at which fuses were being let, and we felt that if we could get that current price we had plenty of leeway to cover the increased cost of labour and material.

Q. And that was in May?—A. In March.

Hon. Mr. DUFF: What do you mean by current prices, current prices where?—A. We knew that fuses had been let for \$4.50 each.

Mr. HELLMUTH: That is, time fuses?—A. Yes.

Q. Did you know that in March?—A. Yes, but not necessarily the business of the Shell Committee.

Q. We have not had, I think I am right in saying, any information of loaded time fuses, as far as I can recollect, that had been purchased on this Continent as early as March?—A. I think so.

Mr. NESBITT: Under \$4.90.

Hon. Mr. DUFF: We really have not any information about it at all. That is the situation, that we have not got this least price, or anything.

Mr. HELLMUTH: But it has been stated here by men who profess to know, that no loaded time fuses had been made.

Hon. Mr. DUFF: But he is speaking of contracts that had been let and were not carried out. We certainly have not had that information. The one thing we have not been able to get is, any information as to the contracts that were let in the United

States. The statement has been broadly made by people who could not possibly know what contracts were let.

Mr. HELLMUTH: The statement I understand that has been made is that up to that time nobody in the United States was manufacturing loaded time fuses except the American No. 85, that there were no British time fuses being manufactured.

Hon. Mr. DUFF: That undoubtedly has been said. But we have not got the information as to what contracts were let in March at all.

Sir WILLIAM MEREDITH: Ask the gentleman what contracts he is referring to.

Mr. HELLMUTH: What contracts for time fuses in March of 1915, are you referring to as at \$4.50?—A. I withdraw the amount of \$4.50, that contracts had been let at \$4.50. I had confidential information about contracts having been let, not necessarily for 80 mark 5 fuses, but for approximately the same thing.

Q. Tell me what you mean by, approximately the same thing?—A. The American 85 fuse is approximately the same thing.

Q. You had confidential information in regard to the letting of American contracts?—A. No, of the prices that were current.

Q. How many places were contracting to make American No. 85 fuses?—A. The American Locomotive Company were making them, I understand, and the Bethlehem Steel Company.

Q. You understood in March 1915, that the American Locomotive Company were making them?—A. They had orders for them.

Q. Who else?—A. I am not prepared to state where the information came from, but I had that information, sir.

Q. I am not asking you where it came from, but what other parties were contracting to make them; did you say the Bethlehem Steel Work?—A. I would say that I don't know.

Q. Do you agree with Mr. Kirby as to the labour being the greater part, or entering into the greater part of the cost?

Sir WILLIAM MEREDITH: He said materially.

Mr. HELLMUTH: Materially entering into the greater part of the time fuses?—A. I hardly agree with Mr. Kirby upon that.

Q. Labour is the chief factor in the cost, is it not?—A. I think so, taking all the circumstances into consideration.

Hon. Mr. DUFF: It would depend to some extent upon the number of fuses being made, would it not?—A. Yes, sir.

Mr. HELLMUTH: Take an order for a million, say?—A. An order for a thousand a day is a better way of putting it.

Q. Which would be the larger factor in the cost?—A. I think labour is, and always has been more serious than the material.

Q. Can you give me an idea of the proportion of the cost labour bears to material, would the proportion be labour two-thirds and material one-third?—A. At least that.

Q. And that would increase as a larger number are made?

Hon. Mr. DUFF: What do you mean by two-thirds labour and one-third material?

Mr. HELLMUTH: That is to say, if the manufacturing cost of a fuse, for the sake of argument was \$3, you would put \$2 to labour and \$1 to material?—A. I am not saying that those are exact figures.

Hon. Mr. DUFF: Are you assuming that labour and material cover the whole cost?

Mr. HELLMUTH: Labour, material, overhead charges and amortization.

Q. I am talking of the report of the cost. Mr. Kirby did not take into account overhead charges, in his figures?—A. No.

Q. And he did not take into account amortization?—A. No.

[Melville P. White.]

Q. He took into account merely, as I understood him, the material used in it and the labour expended upon it?—A. Yes.

Q. You heard his evidence?—A. Yes.

Q. Was that not what you understood Mr. Kirby to say?—A. That is what I understood him to say.

Q. Taking that view of it, as I understand you—I am not saying whether he is right, or wrong—if \$3 made up that amount, labour and material you would put in in those proportions?—A. Yes.

Q. You say you do not think the increased quantity of the order, that is more than one thousand a day, say five thousand a day, would change the relative portions of the cost in regard to material and labour?—A. The cost would tend to be cheaper as you increased the volume of the output. The cost of material would always remain stationary.

HON. MR. DUFF: So that the ratio between cost of labour and cost of material in that way might change?—A. It might change.

MR. HELLMUTH: It would be very little?—A. I could not say just what it would be. As we went on with it, our experience would change.

HON. MR. DUFF: If you had any of these \$50,000 men, taking a small number, the cost of superintendence would increase.

MR. HELLMUTH: But the actual workmen would only do a certain amount.

HON. MR. DUFF: There may be a slight confusion as to the exact scope of the word labour. Mr. Kirby might perhaps have been using the word labour in a more limited sense. That is the reason I offered the question.

MR. HELLMUTH: In the term labour you were not counting on any \$50,000 a year men in your concern?—A. I hope not.

Q. As I understand it, your highest priced man would be Mr. Kirby?—A. Not necessarily.

Q. Did you propose, Mr. White, to get experts?—A. Undoubtedly we did.

Q. You did?—A. Yes, as many as we could scare up the wide country over.

Q. By experts I mean men who are familiar with the loading of the time fuses?—A. If we could find them.

Q. Were you relying entirely on Mr. Kirby to take entire charge as chief of the mechanical work and the assembling and loading parts?—A. I was for a certain time.

Q. Then you did not require, as I say, any high priced experts on the blending of powder, or on the assembling or on the mechanical part?—A. It depends upon what the words experts means.

Q. I said, high priced experts?—A. No high priced experts, highly skilled men in the business.

Q. You did not expect to have, for instance, any one from the Woolwich Arsenal in England, or who had been there doing the work, or from the Frankfort Arsenal in the United States, who had been actively engaged in the loading or the superintending of the loading and the assembling of the time fuses—you did not expect to have those?—A. Not at any high prices. We would have taken all we could get of them at reasonable prices. The war would create a demand for such men and wages would increase. But ordinarily these men would not demand high salaries.

Q. But you were looking for skilled labourers, if you could get them, but not any of the Directors General, if I may call them that, of Arsenals in England or here?—A. No.

MR. GRANT: What kind of labour were you going to employ principally on the contract?—A. We planned to employ about eighty per cent female labour on the construction of the fuses.

Mr. LAFLEUR: I understood you to say that you were not going to have any special kind of building, but just a building with a roof on it. Is that right?

—A. A place to manufacture fuses, not loading them. A loading plant must be built of special construction.

Q. Had you made any preparations for constructing a building for a loading plant?—A. In connection with my letter to Colonel Carnegie?

Q. Yes?—A. I knew exactly what we had to do, but we had made no arrangements for a building of any sort at that time. We were asking for the opportunity.

Q. Had you any idea of the cost of erecting a building suitable for a loading plant?—A. I had. I employed an architect to give me an estimate of a building, describing the requirements.

Q. I am not asking you about the architectural features of the building, I am asking whether you had any conception of what was required to fit that building up for loading time rings?—A. I had.

Q. Did you know that there were special requirements as to atmospheric conditions?—A. Yes, sir.

Q. What were they and why?—A. The portion of the building in which the actual loading is done is a small chamber with a large press, which presses the powder into the ring, and in order that the powder may be maintained in the exact condition as to moisture or dryness, everything in there must be controlled so that in bringing the powder in and simultaneously packing it it must be in exactly the same condition, otherwise it would affect the time the powder takes to burn.

Q. The rate in burning?—A. Yes.

Q. Had you any conception of the amount of cost there would be to put up a building suitable for maintaining the air conditions right?—A. Yes.

Q. Have you the figures of the cost of that building?—A. I would rather not give you those figures.

Q. You had an estimate of that at the time you wrote the letter of March, 1915?—

A. We had made an estimate in November, 1914.

Q. Had you made financial arrangements?—A. I had partial financial arrangements made.

Q. Do you mean to tell me that you had sufficient financial arrangements made to enable you to contemplate putting up a building for the manufacture of the component parts, and another building for the loading plant?—A. I intended—

Q. Will you answer the question; had you made any such arrangements as I intimated?—A. I intended to rent a building for the manufacture, and to build a building for the loading, so that we would pay rental for the main building and build the loading plant, and economize in that way.

Q. You had no building actually in view?—A. We had not.

Q. You did not know what rent you would have to pay for an appropriate building?—A. No. I knew approximately.

Q. You did not know what the cost would be for the building of a loading plant?—A. I knew approximately.

Q. Had you made financial arrangements to enable you to rent one building and build another?—A. Partial arrangements.

Q. Tell me what you mean by partial arrangements; that may mean anything at all?—A. I was willing to put up all the money I could get of my own into the business, we were so sure we could make good.

Q. That does not tell us how far it would carry you?—A. It would carry us thirty per cent of the distance.

Q. Had you made any arrangements for the balance, the seventy per cent?—A. Partial arrangements.

Q. Had you been to your bankers and got a line of credit sufficient to enable you to go into an enterprise of this kind?—A. I had not been to my bankers and asked them about it.

[Melville P. White.]



Q. You said that this price of \$3 in November, 1914—A. I did not say a price of \$3.

Q. I thought you did at first?—A. I did not confirm that statement.

Q. How much would you add to that in order to arrive at the price—because you would have had to quote a price ultimately?—A. On my own account I would have had to quote a price.

Q. Had you made up your mind what price you could quote, in November, 1914?—A. In November, 1914?

Q. Yes?—A. We had no idea then of taking business on our own account.

Q. I am speaking of the people you were working for, that you were preparing an estimate for?—A. We had nothing to do with fixing the price to the Shell Committee.

Q. You had not considered what kind of a price you would quote, according to the information you and Mr. Kirby had?—A. We had not given it any special thought, because we were not concerned in that at the time.

Q. I am not asking why, but whether you had considered the price at which you could quote on fuses in November, 1914.—A. I certainly had in my own mind what price might be quoted to net us a profit.

Q. I understand that in March, 1915, you say you would have had to add one dollar to your estimate of cost?—A. Approximately.

Q. That would bring it to \$4, for the actual cost?—A. I said that \$3 was actual cost.

Q. And in March, 1915, the actual cost would be about \$4, wouldn't it?

Hon. Mr. DUFF: He did not say that the actual cost would be \$3.

Sir WILLIAM MEREDITH: He is saying so now.

Mr. LAFLEUR: I am trying to get an answer on that point.

Hon. Mr. DUFF: I understood you to say, in putting a question to him, that he had said that the actual cost alone was \$3. My reason for intervening was that I thought the two of you were at cross purposes. The witness said the actual cost would be less than \$3. He said he did not wish to give the cost.

Mr. LAFLEUR: I do not want him to say what he does not wish to say. First of all there was a sum of \$3 mentioned without any qualification. I understood that both from Mr. Kirby and this witness.

Q. Do you now say that the estimated cost in November, 1914, was \$3, or less than \$3?—A. Less than \$3.

Q. How much less than \$3?—A. I would rather not say.

Hon. Mr. DUFF: That is what he said before.

Sir WILLIAM MEREDITH: I think he is bound to answer that question.

Mr. LAFLEUR: If he is bound to say anything in regard to prices, I think he is bound to answer.

Mr. JOHNSTON: Witness after witness has refused to answer that.

Sir WILLIAM MEREDITH: Why this witness should say \$3, or name \$3, and not tell the exact figures, I do not understand.

The WITNESS: I did not give any price at all; he is using Mr. Kirby's statement of \$3.

Mr. LAFLEUR: Do you want to give any price at all, or any estimate at which you arrived, in 1914?—A. I would rather not, but if it is necessary to do so I will.

Q. You gave us an indefinite sum in November, and now you give that indefinite sum plus \$1 in March, and I cannot add it up. I am trying to make the addition, but I have not got the first figure. Are you unwilling to give that figure?—A. Yes, sir.

Sir WILLIAM MEREDITH: Are you still in the employ of the Allis-Chalmers Company?—A. Yes, sir.

Q. When you were discussing this project with Mr. Kirby, was it your purpose to leave them?—A. Yes, sir.

Q. Had you communicated that to Colonel Nicholls?—A. I communicated it to Colonel Nicholls' assistant.

Q. Were you in touch with the negotiations between the Allis-Chalmers Company and the Shell Committee?—A. Not very closely.

Q. Were you asked about it at all?—A. Only to the extent of furnishing the information in reference to the manufacture.

Q. As I understand it, this conference you had, or discussion with Mr. Kirby in November, was with a view to the offer the Allis-Chalmers Company were to make?—A. Yes, sir.

Q. Do you mean to say that you were not asked as to the price they should offer?—A. No, sir. They were very much afraid of the business, of the contingencies, and the wastage through inspection, and felt I suppose that they had to have a considerable margin for that.

Q. Was not it your duty as a trusted officer of the company to press upon them your views, and what the outcome was likely to be?—A. I endeavoured to do that.

Q. Without success?—A. Without success; the company were not satisfied with the offer.

HERBERT J. MACKIE, sworn and examined.

*By Mr. Hellmuth:*

Q. Colonel Mackie, what at the present time is your employment or position?—A. Officer in command representing the Canadian Car and Foundry Company at their proving grounds, or as the Russians call it, the "Polygone."

Q. The Polygone?—A. The Polygone, at Petawawa, Ontario.

Q. Is your appointment from the Canadian Car and Foundry Company?—A. Yes, sir.

Q. The Canadian Car and Foundry Company have a contract with the Russian Government, have they not?—A. Yes, sir.

Q. And that contract is for what?—A. Two and a half million shrapnel, and two and a half million high explosives, each three-inch.

Q. That is five million of shells?—A. Yes.

Q. Half shrapnel and half high explosive, and does that cover the entire shell, fuses included?—A. The complete round, sir.

Q. The complete round?—A. The fuse with shrapnel and the detonator with the high explosive.

Q. That means the percussion, corresponding with the graze fuse?—A. Yes, sir.

Q. So half the order is time fuses?—A. Yes, sir.

Q. And the other half graze?—A. Yes, sir.

Q. "T. and P." being the term used for the time and percussion, or do you use it for that?—A. They call it a double action fuse, sir.

Q. Now, I am going back a little. You had something to do with the negotiations for that Russian contract, had you?—A. I plead guilty, sir.

Q. I do not know that you need plead guilty—at all events you had something to do with it; in fact, you were in Russia yourself?—A. Yes, sir.

Q. At Petrograd?—A. Yes, sir.

Q. And it was, we have heard, through your efforts that the contract was given to the Canadian Car and Foundry Company?—A. Yes, sir.

Q. Is that right?—A. Yes, sir.

Q. Then, I desire to ask you, whether, in that connection, you had any reward, profit, or commission? I do not intend to go into details.—A. I will tell you the whole story if you wish. I hope to get some small return—

[Melville P. White.]

Sir WILLIAM MEREDITH: Small, measured how? New York measurement?

Mr. HELLMUTH: Is that Canadian or New York "small" as the Commissioner suggests?—A. It is very small, sir.

Hon. Mr. DUFF: Are we concerned in this?

Mr. HELLMUTH: No, we are not concerned very much.

The WITNESS: It is a very small fraction of one per cent.

Mr. GRANT: That is reasonable.

Mr. HELLMUTH: At all events, there has been no secret about it, as I understand?—A. No, none whatever.

Q. And you are in the employment now, as you have told us, of the Canadian Car and Foundry Company, acting as inspector, is it?—A. Yes, sir "Inspector," it might be termed.

Q. Do you have to do with the gun proof tests of the fuses attached to the shells, at Petawawa?—A. Yes, sir.

Q. Is it a fact that the Canadian Car and Foundry Company, no matter who makes the shells, are responsible for the shell being perfect so far as one of these munitions can be perfect, and that the fuse functions properly?—A. Each manufacturer is responsible for the proper functioning of the component part, be it shell, primer, brass case, detonators or time fuse.

Q. But the Canadian Car and Foundry Company are responsible to the Russian Government?—A. Absolutely, before they accept it.

Q. So they have to assume and father the responsibilities of the sub-contractors in the delivery to the Russian Government. They won't take it from the Canadian Car and Foundry Company unless they passed the Russian inspector.—A. Neither will the Canadian Car and Foundry Company unless they pass the Russian inspection.

Sir WILLIAM MEREDITH: Does that include the gun proof?

Mr. HELLMUTH: Does that include the gun proof, Colonel Mackie?—A. Decidedly.

Sir WILLIAM MEREDITH: That is exactly contrary to what Mr. Ohmer said.—A. I know, sir.

Hon. Mr. DUFF: There is a dispute then?—A. Very much, sir.

Mr. HELLMUTH: So you maintain that Mr. Ohmer has to make his fuse function?—A. Decidedly, sir.

Mr. CARVELL: Are we going to try that out?

Mr. HELLMUTH: Oh no.

Mr. MARKEY: Had you not a clause from the contract?

Mr. HELLMUTH: I read what I thought was a clause from the contract about the functioning.—A. I understand, but I think that had better be left to Mr. Mahan and other parties later on.

Q. That is a question for Mr. Ohmer.—A.. Mr. Ohmer is by no means clear on this matter.

Mr. CARVELL: I do not think he has any right to make that statement.

Sir WILLIAM MEREDITH: He has made the statement, he is the witness.

Mr. HELLMUTH: I am not concerned with that. Perhaps I invited the remark, but I did not intend to.

Q. You do make the inspection at present for the Canadian Car and Foundry Company?—A. At Petawawa it is not really inspection, it is proving or testing.

Q. You will have to pardon my technical ignorance—what I call inspection is what you call proof?—A. Yes, sir.

Q. When you speak of proof and I speak of inspection, I merely mean that test, whatever it is, that applies to the proof, come under your supervision on behalf of the Canadian Car and Foundry Company.—A. Yes, sir.

Q. How long have you been at that?—A. We started construction last June, and we were ready for first gun proofs—September.

Q. When did you actually commence first gun proof?—A. You mean on time fuses?

Q. On the time fuses supplied by Mr. Ohmer or the Recording and Computing Company.—A. On the 2nd of November we fired five time fuses as a supplementary shoot. Our first real experimental shoot was on the 30th of November, 1915.

Q. And about when were quantities delivered to you in batches?—A. Well, in January and February.

Q. And have you since then been proving the fuses supplied by the Recording and Computing Co.?—A. Yes, constantly.

Q. Mr. Ohmer's Company?—A. Mr. Ohmer of Dayton, yes, sir.

Q. I assume that you know the Russian fuse?—A. Yes, sir.

Q. Have you seen the No. 80 Mark V and Mark VII?—A. I have, sir.

Q. Just tell me, Col. Mackie, what experience you have personally had in regard to munitions? What is your own experience? How long had you been engaged in this business?—A. I started artillery work about 22 years ago. I have been following it rather closely since then.

Q. When did you first look into or inquire in regard to fuses of any kind? How long ago?—A. Other than my studying when taking my several courses, nothing of real importance until this Russian work came forward.

Q. So it was when the Russian work came forward that you really took up the question?—A. Yes, sir.

Q. I mean seriously, the question of fuses.—A. Yes, sir.

Q. Now, you say you know the British fuses?—A. Yes, sir.

Q. What do you say as to the two fuses, how do they compare in regard to either the mechanical parts or as to the loading parts, I mean in regard to difficulties? Would you say one is more difficult than the other?—A. I would say that the Russian is slightly more difficult, but hardly worth mentioning. That difficulty comes owing to the fact that more of the component parts are made of the aluminium, it being much the harder to work.

Hon. Mr. DUFF: Has he had any actual experience in manufacturing fuses?

The WITNESS: No, not at the lathe, sir.

Hon. Mr. DUFF: I do not mean at the lathe, anything superintending the manufacture.—A. Nothing whatever, except studying the component parts.

Q. Just as an artillery officer?—A. That is all, sir.

Mr. HELLMUTH: Have you had any experience in testing in the gun proof?—A. Not of the British; I have of the American and the Russian.

Q. Did you see General Bertram in reference to a proposition of Mr. Ohmer's to the Shell Committee?—A. I met General Bertram, sir, shortly after his conferences with Mr. Ohmer.

Q. Tell me what took place between you and General Bertram.—A. He told me, sir, that he had a conference with Mr. Ohmer, and told me that Mr. Ohmer was very desirous of taking some more Canadian work.

Q. Yes?—A. And knowing Mr. Ohmer's situation and his conditions at his own factory, I rather resented General Bertram trying to interest Mr. Ohmer, and as I recall my remarks were not very complimentary to General Bertram.

Hon. Mr. DUFF: It was because you were interested in respect of the Canadian Car Co., contract.—A. Yes, sir.

Q. And you thought this would interfere?—A. I thought that General Bertram should hunt up his own sub-contractors.

Mr. HELLMUTH: Perhaps I ought to ask you in regard to that. It would be fair to say that you brought over the contract from Russia.—A. I did, sir.

Q. Then it was given to the Canadian Car and Foundry Co?—A. Yes, sir.

[Herbert J. Mackie.]

Q. Then were you employed—as I was instructed—by the Canadian Car and Foundry Co. to do the subletting to sub-contractors?—A. I cannot say that I was employed, I had never received any remuneration, but I am associated—

Q. Some people are employed without receiving anything. Did you do the work?—A. I did, sir.

Q. Just tell me how you came to—A. I was asked by Senator Currie to ally myself with the agency of the Canadian Car and Foundry Co. My first duty was to assist in finding sub-contractors.

Q. Were you therefore responsible in a sense for the finding of Mr. Ohmer and his company?—A. I was, sir.

Q. Will you tell me why, if you can—why that order was not placed in Canada.—A. Yes, sir. There are some shell orders placed here, and cartridge cases also.

Q. Why was this not?—A. At that time with the stress the Russian Government were under, and the terms of contract the Canadian Car and Foundry Co. had to live up to, it would be suicidal to place a contract in Canada in my estimation.

Q. Why?—A. Experienced workmen were unobtainable.

Q. Why was that?—A. To carry out a contract of the size that this one requires at least from six to seven thousand employees, about 4,500 or 5,000 female labourers, and then the Canadian Car and Foundry Co. scouts did not know—could not find any town or city capable of producing that help. There were many conditions that were against Canada. Personally I was very eager to see as many orders placed in Canada as possible. The verbal pledge that I received from Senator Currie was that he would place every order he could in Canada. That is one statement that I made in Russia, that it would be helping Canada. Senator Currie failed in many cases and I know that Senator Currie's scouts reported detrimentally to placing any in Canada, that it was not practicable at that time.

Q. How did you come to get hold of Mr. Ohmer?—A. Mr. Ohmer said that it was not through Mr. Ryan, but I have just been through the American Courts, and I said it was through Mr. Ryan.

Q. Let me just follow that up. Whether through Mr. Ryan or not, you brought Mr. Ohmer in touch with the Canadian Car and Foundry Co., did you?—A. Yes, he was one of my finds.

Q. And he got a contract.—A. Yes, sir.

Q. That is for all the fuses, the whole five million?—A. The first contract was for two million, and the second for a half a million.

Q. He had nothing to do with the percussion fuse?—A. No, sir.

Q. What, if any, assistance was furnished to him in the way of experts in regard to the making of time fuses?—A. In the conversation in Russia I asked that experts should come to Canada and to American for the purpose of assisting the manufacturers, as the work was comparatively new. It was agreed upon, and gratuitously Russia sent experts on primers, brass cases, shells, time fuses, detonators, at their own cost.

Q. We will not bother about anything but time fuses. Did they send experts on time fuses?—A. Real experts, sir.

Q. I am saying that they were. Were they at Mr. Ohmer's factory?—A. Lived right there, sir

Q. Do you know how many?—A. I should say one chief, and probably two or three assistants.

Q. Russians?—A. Yes, Russians.

Q. Were they there during the whole of the time?—A. The chief has been there constantly, up to a very short period ago.

Q. Then, had you anything to do with the question of the financing of that matter?—A. Nothing to do with it, but in constant touch.

Q. Well, we will pass that for the moment. You said you saw General Bertram?—A. Yes, sir.

Q. Did you encourage or discourage General Bertram as to getting any assistance in the way of making time fuses, from Mr. Ohmer?—A. I think my remarks were sufficiently strong to discourage General Bertram even corresponding with Mr. Ohmer again.

Q. I wish you would let us know what you said.

Sir WILLIAM MEREDITH: Surely you should not—

Mr. HELLMUTH: We will leave out the expletives. What was the substance?—A. The substance was that I thought it was very unfair to go to Mr. Ohmer to try and induce him to take on the contract, because if he knew Mr. Ohmer as well as we did he would know that Mr. Ohmer would take many more mouthfuls than he could possibly chew.

Q. When was this?—A. June or July.

Q. June or July.—A. Oh, no, it would be earlier than that, sir, it would be in May, I should judge.

Hon. Mr. DUFF: At any rate it was the time the thing was under discussion?

Mr. HELLMUTH: Yes.

Q. Did you know at all as to Mr. Ohmer's financial ability to take on a contract of that kind in May?—A. He could not, sir.

Q. He could not?—A. No, decidedly, he could not.

Q. Had you been brought into touch with that?—A. Yes, sir, I know the situation infinitely well.

Q. Did you have any further talk with either General Bertram or Colonel Carnegie, or did you have any talk with Colonel Carnegie?—A. None whatever, sir.

Q. Your only talk was with General Bertram?—A. Yes, sir.

Q. Are there any difficulties connected with the manufacture and loading of time fuses?—A. Very, very many, sir.

Mr. CARVELL: This witness says he has had no experience.

Mr. HELLMUTH: It is suggested that you have had no experience. How can you then say that there are difficulties?—A. We experienced the difficulties at Petawawa.

Q. Of getting fuses that would function properly?—A. Yes, sir.

Q. And you had any talks or discussions with Mr. Ohmer in regard to the fuses he has supplied?—A. Oh, very many, sir.

Q. Have you had any complaints to make to him in regard to the fuses supplied by him, not functioning properly, and have you made them?—A. I make my report, sir, they are not complaints, they are reports.

Q. Do these reports show an invariably or generally invariably perfect fuse, or the reverse?—A. By no means a perfect fuse, sir, but improving constantly, and now it is coming up very, very good.

Q. Had you much trouble at first?—A. Oh, yes, sir, we had in many ways.

Q. What is the chief requirement in regard to the functioning of the fuse in the fire proof?—A. The chief requirement is bursting in the proper area, the allotted area, with the British it is time, with the Russian it is area, distance.

Hon. Mr. DUFF: That is the test?—A. Yes, sir. It must break within the boundaries, sir. That is the test in air. Then we have the percussion test, and also the grape or canister test.

Mr. HELLMUTH: What is that?—A. The canister test is breaking at the mouth of the gun. The time fuse is set to break immediately on leaving the mouth of the gun.

Hon. Mr. DUFF: Set at zero?—A. Yes, sir.

Mr. HELLMUTH: You do want some to break at that?—A. Yes, sir, they are set at that.

Q. That is not for practical purposes?—A. Oh, yes, sir, in case of a charge, it is the final shot.

[Herbert J. Mackie.]

Q. Which is looked upon in that proof as the more vital error, bursting after it should, that is too late, or bursting too soon?—A. Decidedly the one breaking too soon sir. Breaking long is called a "peck". It will not disqualify a unit but breaking short will disqualify, if it breaks any way short.

Hon. Mr. DUFF: Why is that?—A. Because our trenches are so frightfully close. If it breaks short it is into our own trenches; if it is breaking long it is in the enemies kitchens.

Q. It is of importance in war?—A. Yes, sir, not the mechanical side.

Mr. HELLMUTH: You disqualify more readily for breaking prematurely than too late?—A. Yes, sir. One time fuse representing a unit of 25,000 breaking three or four hundred feet short of the bursting area disqualifies that lot.

Q. Then, you found that that premature breaking did occur in the time fuses you were testing?—A. Yes, sir. We have found it in very many units at first, but gradually coming down.

Sir WILLIAM MEREDITH: Mr. Ohmer said that was due to mistakes in setting them.—A. I heard Mr. Ohmer, sir, yesterday. When he returns to Dayton he will find a letter on that subject which was written about four days ago from Petawawa camp.

If I may explain sir, we received shrapnel shells from each manufacturer, thirty; we load ten of those with the required amount of black powder and seal it up and shoot it. We recover those thirty shells for the purpose of remeasuring, and these ten that we have loaded with black powder we put in a bursting chamber and explode with an electric spark to tell whether the tensile strength is according to specifications. If four out of the ten fraction—break—it rejects that unit of 12,500 shells. The reason they are put in the bursting chamber test is because we have them right under observation and can study them afterwards, looking for flaws, and cracks, as well as fragments.

Mr. Ohmer contends sir that this black powder or the bursting charge in the shrapnel shell has a tendency in the Russian shell to ignite itself through friction some way in the diaphragm and that the bursting charge breaks prior to the proper time, before it has an opportunity to function.

We have fired about 2,000 shells loaded with black powder, and have had one mishap, so that Mr. Ohmer's contention is not properly based at all.

Hon. Mr. DUFF: The fact that the shell itself burst short I suppose would not be absolutely conclusive in itself; (I mean apart from other circumstances,) that the fuse was not functioning properly. I suppose it might conceivably be due to some defects in the shell itself.—A. In the shell of this type—

Q. It might be due to that?—A. Yes, sir.

Mr. HELLMUTH: But practically it is not?—A. Oh no, sir, the possibilities are very very slight.

Q. You reject the theory of Mr. Ohmer that the non-functioning of his fuses was due to the imperfect way in which the shell itself was filled or designed?—A. Yes sir, Mr. Ohmer's contention has no grounds whatever, sir.

Q. In your opinion?—A. Yes; we have had one mishap, and it will probably be all we will have in our experience.

Q. I take it you have had a good many more than one fuse?—A. Yes, we have had many fuses at first; we have had very very many, but as I have said, sir, that is coming down every shoot we make, we shoot two nights a week, and each unit is showing more perfection.

Q. Can you tell me what proportion or what ratio, take the tests made during April, what ratio or proportion of failures were there?—A. I have not that data with me, but last Saturday night we fired three units for break in the air; these three units had passed the grape and percussion test, and one out of three failed.

Q. Two units passed?—A. Yes.

Q. And one failed?—A. Yes, one failed, and we will have a re-trial on it; we are allowed a re-trial or re-test.

Q. Would you say that is as good to date as you have done?—A. From 70 to 75 per cent have been going through on the first test.

Q. That you consider very good?—A. Yes.

Q. And then there can be a second test?—A. Yes.

Hon. Mr. DUFF: Taking the two tests together could you give an estimate?—A. I could not, sir, but somewhere about 80 or 85 per cent.

Mr. HELLMUTH: Taking the two tests, we are not pinning you down to the exact thing—you are speaking now of the recent tests I understand?—A. Yes, sir.

Q. And somewhere from 80 to 85?—A. Yes.

Q. How far back would that go?—A. I should say the last five weeks.

Q. And before that what would you say?—A. We were very much in experimental stage at that time, and our failures were numerous; not from the manufacturer's standpoint necessarily, sir, but from the graduation of the ring, getting proper graduation of the ring, and other features of that nature.

Q. All that fell within the purview of Mr. Ohmer's work?—A. Yes.

Hon. Mr. DUFF: How is that; do you set the fuse by machinery?—A. By hand.

Q. I do not mean that; how do you relate the setting of the fuse to the range?—A. That is figured out mathematically.

Q. There is no possible mistake there?—A. None whatever; and the scale that is on the time fuse—the graduation ring also corresponds with a scale that is on the Russian gun.

Mr. HELLMUTH: I want to ask you in regard to this test just a question or two. As I understand it you say the Russian test is an area test, whereas the British test is a time test; but as a matter of practical result it means very much the same thing, does it not?—A. One is more accurate than the other, that is all.

Q. Which is the more accurate?—A. The photographic.

Q. Is that the Russian test?—A. That is the Russian, yes, sir.

Q. In your view the Russian test is a more stringent test than the British test?—A. Very much so.

Q. What is the toleration, and I suppose it will have to be in area, if area is the test; what is the toleration in area for the test of the Russian fuse?—A. A bursting area of 420 feet, sir.

Q. You set it?—A. Yes.

Q. You must set by time or by area?—A. They both work out the same; it is a scale that is worked out.

Q. Your shell has to burst within an area of 420 feet?—A. Yes.

Q. Anywhere within that area is considered all right?—A. Yes.

Q. At what rate approximately is that shell travelling at the time that it leaves the gun?—A. The Russian muzzle velocity is highest of any nation, 1,930 feet muzzle velocity, and at our bursting area is about 1,200 feet per second.

Q. It is going at the rate of 1,200 feet per second at the point or area where the bursting is to take place?—A. Yes.

Q. So that practically it has to burst within one-third of a second, is not that right?—A. Yes, it has to burst within a third of a second.

Q. Well, if it is travelling at 1,200 feet it would have to burst within one-third of a second within an area of 420 feet?—A. Yes.

Q. How do you do with testing, how do you ascertain that?—A. We have our posts out, sir; we are shooting at night, shooting for break in the air, and we have our minimum and maximum posts, and on these posts we have lanterns; we set a camera up about 1,400 feet to the right of the line of fire, open it wide, and shoot.

[Herbert J. Mackie.]



The Russian fuse is filled, or there is a small quantity of powdered aluminium or powdered magnesium in the Russian shell that gives a flame or a flash, and that is registered on our plate.

Q. So that you can tell practically to a certainty, if your camera does not lie, where that shell has burst?—A. Yes. I can show you some of these. (Produces several photographs.)

Q. I wont take up time with these, but I would like to put them in; these are photographs showing—

Sir WILLIAM MEREDITH: How will those get into the record? How will they be reproduced?

Hon. Mr. DUFF: Put them in a packet and mark it something or other.

Sir WILLIAM MEREDITH: That won't be very much information to the public who want to read the report.

Mr. HELLMUTH: I am sure I cannot read what is written on them. I think this must be Russian.

Mr. CARVELL: Why should not they be left with the Commission and not become part of the record; and after all, speaking as one counsel, I have no objection whatever to Mr. Hellmuth giving this very interesting testimony, but I cannot see the relation between that and the Canadian Shell Committee.

Hon. Mr. DUFF: Would you ask this one question, if he ever heard of any manufacturer of fuses submitting himself as a manufacturer to the Russian gun test, time fuses—(To the witness) Did you ever hear of such a thing as the manufacturer taking upon himself the risk of the Russian gun test?—A. There are probably five manufacturers in America making time fuses for the Russian Government, and each and every one has to submit to the gun test before the Russian Government accepts.

Q. That includes Mr. Ohmer?—A. Yes; the Morgan contractors, four or five.

Mr. HELLMUTH: Do you know of them?—A. I have been testing for them at Petawawa.

Q. You are not only testing for the Canadian Car and Foundry?—A. The British Government is supplying Russia with ten millions, and their range was not ready, and they asked me to test for them, and I have been testing for them for about two months till their own range is ready. I have been testing four or five different manufacturers.

Hon. Mr. DUFF: From the account you have given it must be perfectly obvious that this test is not merely a test of the fuse, it is a test of the shell mechanism?—A. Yes, sir.

Q. And the man who supplies the fuse takes the risk of the whole thing?—A. No, sir.

Q. I mean to say the failure to burst within the area cannot possibly in itself be an actual conclusive test as to whether the fuse is functioning properly or not, because the trouble might be due to other causes; I understand you to say that in practice that is negligible, but I should have thought the manufacturer would have considered that a pretty severe thing?—A. We have only had one experience, sir, and I don't know how many times they have had the experience of a shell breaking other than with the time fuse.

Mr. HELLMUTH: The British test is a test of every part of the article, only it is by stop watch?—A. We use a stop watch as well, but the stop watch does not correspond with the photographs.

Q. But let me make this clear; in the British test the fuse is attached to a shell?—A. Yes.

Q. It is fired from the shell?—A. Yes.

Q. It is a time test with a stop watch?—A. Yes.

Q. If the shell was defective in any way, it might explode that one shell, it might explode that fuse before the time ran out, just as much as it might explode it before that got to the area?—A. You mean the time fuse?

Q. I say the British time fuse under the test of a stop watch, the manufacturer has to take the chance of a shell being defective just as much as he would have to take the chance of a shell being defective if he was manufacturing for the Russian Government?—A. The defective shell would have no—

Q. You have said that but—

Mr. EWART: Let him answer.

Mr. HELLMUTH: Well, go on.

A. A defective shell would have no bearing on the functioning of a fuse whatever, unless the shell was fractured completely.

Q. You have said that before; I am not talking in regard to that; I am asking is there any different risk that the manufacturer of a British fuse takes when he submits his fuse for fire proof from what the Russian manufacturer takes when he submits his fuse?—A. None, sir; no difference;

Q. The two tests are practically identical except that one is in an area with a photograph, and the other is with a stop watch?—A. That is it.

Q. Do either of those make any difference in regard to the risk that the manufacturer takes?—A. I do not follow that question, sir.

Q. I would like, Mr. Commissioner, if you would put the question.

Hon. Mr. DUFF: I don't think there is much object in going on with the cross-examination. I should suppose the point was fairly clear, but it may be perfectly useless proceeding with it because in practice it may be of no importance; as I understand him to say in practice, for practical purposes, he regards the two tests as substantially of equal weight, one is just as onerous as the other. If that be the case the point that presented itself to my mind is a purely theoretical one; and if that is the situation there is no object in going on with it.

Sir WILLIAM MEREDITH: Let me put one question; supposing you were a contractor and you had your choice of submitting to the Russian test or the British test, which would you choose?—A. That can be answered without any hesitancy; I prefer the British.

Mr. HELLMUTH: Why?—A. I have had a year of it, sir, of the Russian system of inspection, and I very much prefer the British.

Q. Why?—A. For many reasons; for instance, there is the difference in language to begin with; very few of these Russians are proficient in speaking the English language.

Q. We will leave that out?—A. That is a great handicap, a greater handicap than it appears; and then the method of inspection, I think that the British is more lenient, there is more tolerance.

Q. Quite so; what else?—A. That covers it; when you say more tolerance you cover the whole ground.

Q. Did you make any inquiry when you first came out as to the question of obtaining powder?—A. Yes sir, that was placed in my hands also.

Q. What did you find in regard to that?—A. I found that all the powder makers in America were contracted to a distant future date.

Q. What date was it you found that out, when did you come out?—A. February of 1915.

Q. Did you go to DuPont?—A. Yes.

Q. What about DuPont?—A. DuPont's first deliveries would be six or seven months removed.

Q. The first deliveries you could get from DuPont would be six or seven months removed?—A. Yes, sir.

[Herbert J. Mackie.]

Q. Did you get your deliveries from DuPont's?—A. No, sir, we did not.

Q. What did you do?—A. I opened negotiations with the Etna Powder Company.

Q. Did you get it from them?—A. Yes, we have; we could not have said that a week ago, but we can to-day.

Mr. CARVELL: You will be getting state secrets in a minute.

Mr. HELLMUTH: Well, I did not know the Etna was a state secret.

Q. What is your view in regard to the time in which fuses in reasonable quantities could be delivered from the date when an order was given early in 1915, February or March?

Sir WILLIAM MEREDITH: The person to whom an order is given not being equipped, do you mean?

Mr. HELLMUTH: Yes, not having a fuse factory?—A. If your blueprints, specifications, master gauges and so on were guaranteed absolutely correct you might save some time, but any manufacturer undertaking it at less than eight months would find it very, very hard to live up to his undertaking.

Q. Let me just understand that; what did you find in regard to these specifications and drawings?—A. I believe they were not accurate; there were some mistakes.

Q. Were there complaints made in regard to that?—A. Yes, sir.

Q. Constant?—A. Yes, every manufacturer has complained on British, Russian and other orders, about the specifications and blueprints not corresponding and not being correct.

Q. That was a serious matter in your view?—A. It is, sir, it is hampering, and holds back for some time.

Q. What do you mean by the eight months?—A. I think it would take eight months to learn to turn time fuses out in any reasonable quantity, that is turn them out and go through your experimental stage and up to your first acceptance. There are some times six weeks taken up to go through your experimental stages to get your proper graduation, to get your proper powder ring or powder train.

*By Mr. Carvell:*

Q. Have you ever had any experience in manufacturing fuses?—A. None whatever, sir.

Q. When you state that in your judgment it would take eight months to get in a position to turn out fuses in large quantities, on what are you basing that?—A. On my intimate knowledge of the present manufacturers in America.

Q. That is the result of what these gentlemen had done?—A. Yes.

Q. Mr. Ohmer stated yesterday that he commenced manufacturing, that is he commenced erecting his buildings in, I think, the first day of April, if I recollect correctly; do you know that to be true?—A. It should be around that date, sir.

Q. And he said he commenced delivering fuses on that order in December?—A. He commenced the delivery of the experimental batches in December.

Q. That was fuses, was it not?—A. Yes.

Q. Loaded time fuse?—A. Yes.

Q. In December, that would be nine months, between eight and nine months?—A. Yes.

Q. He also stated he was delayed some three or four months at least on account of specifications being wrong?—A. That is what he states, sir; I do not agree with him.

Q. Do you agree he was delayed to any extent?—A. Yes, he says, sir, he was delayed some time; I believe he said six months yesterday.

Q. I do not think so.

Sir WILLIAM MEREDITH: Four to six months.

—A. Ohmer was allowed I think about two months on his contract for such delays at that, agreed upon.

Mr. CARVELL: Now, you stated that there was in the beginning some difficulty in these fuses properly functioning?—A. Yes.

Q. Have you had any experience with any other fuse manufacturers or fuse proving other than the Russian fuses?—A. I have been testing time fuses for the Canadian Car and Foundry Co., the American Can Company, the Barlet & Haywood Co., of Baltimore, the Eddystone Ammunition Co.—

Q. I do not want to go into the names of these unless you want to give them; but are these firms all manufacturing for the Russian Government?—A. Yes.

Q. I incorporated that in my question; have you had any experience in proving time fuses other than for the Russian Government?—A. I understood you to say the Russian fuse; this is the American modified fuse, this other one.

Q. I do not care which sort; however, you have had this experience?—A. Yes.

Q. Have the other firms than Ohmer had any difficulty in getting the degree of proficiency that meets the requirements of the test?—A. Only one out of four or five have made any deliveries as yet.

Q. Other people have difficulties as well as Mr. Ohmer?—A. Oh certainly they have.

Q. Do you suppose they have any difficulties in making time fuse in Germany, Austria, Britain and France, all the world over?—A. Yes, sir.

Q. You think so?—A. I know it.

Q. Yet they are successful?—A. Yes, they did in time; I know one country it took two years to perfect their plant, one Government.

Q. And yet they succeeded?—A. Yes.

Q. You would not be surprised if there had been some millions made in the world in the last three or four years—would you be surprised to learn that there have been millions and millions and hundreds of millions made in the world in the last three or four years?—A. I have not the statistics, I do not know.

Q. You are an intelligent man, and you do know that an enormous quantity of fuses have been made in the world in the last three or four years?—A. There should have been.

Q. And they manufacture them in Britain, France, Germany, Austria, Italy, all the world over?—A. Yes.

Q. And the only place in your judgment that they could not be properly manufactured would be in Canada?—A. Yes, qualify that a little and it is correct.

Q. What is the qualification?—A. Our country is very new, and we have not the workmen here, and at the time these contracts were being placed Great Britain had agents in Canada from the Atlantic to the Pacific picking up mechanics. It was impossible for the Canadian Car and Foundry Co. to place large quantities of shells here.

Q. Let us go back to the shell business a minute; was not the reason you could not get the shells in Canada because you could not pay the price that the Shell Committee was paying?—A. We are paying more now than the Shell Committee.

Q. Was not the trouble at first because you would not pay the prices the Shell Committee was paying?—A. Certainly not, sir. Time was one feature, one of the reasons; another, quantities. The smallest quantity the Canadian Car placed, and it did not care to place it, was of such a small quantity as 100,000, and when you take the surplus of the Shell Committee the manufacturers were very small beyond that.

Q. When did you commence manufacturing shells on this order?—A. I would think the first deliveries would come in somewhere in August or September.

Q. When were your contracts made?—A. February and March, 1915.

Q. Have you ever had it called to your attention, the cablegram of Sir Robert Borden, sent to the War Office, on the 7th April, 1915—did you ever know about that cable?—A. No.

[Herbert J. Mackie.]

Q. Did you know that the Canadian Government were seeking larger orders from the War Office at that time?—A. I believe it is impossible, sir, to keep their present manufacturers engaged.

Q. Listen to this, page 48, here is the telegram from Sir Robert Borden through the Governor General to Lord Kitchener:—

“Had conference to-day with Colonel Bertram, Chairman Shell Committee, who informs me that Canadian factories are capable of turning out 40,000 and possibly 50,000 high explosive 18-pr. shells per day. The experience gained during the past six months has enabled factories to reduce cost and Colonel Bertram is satisfied that if four or five million additional shells are ordered by War Office price can be considerably reduced and made satisfactory.”

Did you ever hear of that cablegram before?—A. No, this is the first.

Q. You did not know on the 7th April that the Canadian Government had notified the War Office that they were in a position to take large orders, and wanted an order of five million shells?—A. I do not know Sir Robert Borden's mind, whether it was to keep going or to keep full the manufacturers they had encouraged to equip.

Q. We will go on, perhaps his mind may become clearer; “Colonel Bertram also states that order for first two hundred thousand shells was completed one month in advance time stipulated. One hundred forty-six factories in all now engaged upon work and certain plants such as Canadian Pacific, Grand Trunk and Intercolonial Railways could greatly increase output if desired.”

Q. Did you know anything about that?—A. No.

Q. Because you did not have this information you went down to the United States and placed this order?—A. No, that information could have been obtained and probably was obtained by Colonel Currie.

Q. Can you state why he went to the United States instead of doing this business in Canada, because, remember, you have already sworn that this business was given as a sort of compliment to Canada?—A. No, sir, I did not say it was given.

Q. Well, it was said anyway?—A. Yes, that is one of the questions I asked of Senator Currie.

Q. Having sought the business for Canadian interests, and having got it in Canadian hands, can you tell me why the business was not placed in Canada?—A. Yes; as I have said before we could not produce them in the time stipulated.

Q. You could not produce the shells here?—A. No, sir; the manufacturers that were left over and above the Shell Committee could not produce this order in the time stipulated.

Q. And that answer applies to shells as well as fuses?—A. Yes, everything.

Hon. Mr. DUFF: What was the time stipulated?—A. We have had two or three extensions; we were away over the time.

Mr. CARVELL: What was the first time stipulated?—A. I think we had to complete those in November or December, about the end of December last year, I think—probably a year behind.

Q. Did you ever offer, prior to the month of January, 1915, any of this business to Canadian manufacturers?—A. 1915?

Q. Prior to January?—A. I was not in this country then. It was the end of January or the first of February when I returned to New York.

Q. Well, did your Company make any offer of this business to Canadian manufacturers prior to 1916, I meant?—A. Yes, it was offered.

Q. It was offered?—A. Yes, very often.

Q. As a matter of fact, what proportion (I am not going to ask you for quantities or the names of manufacturing concerns, as you might object to giving that) of the manufacturing shells, regardless of fuses, has been given to Canadian Companies?—A. I should say about one-sixth, roughly.

Hon. Mr. DUFF: I would like to follow up the question I asked before.

Q. Had you contemplated and been able to give any sort of assurance of extensions such as you have actually got and which I suppose you had to give to the American manufacturers; had you contemplated having to be able to give any assurance of such extensions to Canadian manufacturers; would that affect the answers to the questions you gave a moment ago?—A. Yes, but the Canadian Car and Foundry Company had no assurance that they would get this extension, and they are paying very dearly for it now.

Q. They went to the United States with the confident assurance that they could get their work through in time?—A. Yes.

Q. And their calculations have absolutely failed?—A. There was very little shell making in the United States.

Q. But their expectations, upon which their business with the United States was done, have entirely failed?—A. They have.

Q. They are, I understood you to say, a year later?—A. Yes.

Mr. CARVELL: Is it also the fact that at the time you left these orders in the United States the prices which you obtained were much lower than the prices then obtained in Canada?—A. In my bartering on behalf of the Russian Government I did get a very low price for the Russian Government. Senator Currie took the prices.

Q. You know what I am coming to. At the time these orders were placed in the United States, were the prices for any individual operations, we will say machining or assembling, much lower, and were their contracts much lower than the prevailing prices in Canada?—A. I believe the prices were lower, but to what extent I don't know.

Q. Wasn't that the principal reason why at least five-sixths of your business was placed in the United States?—A. No sir.

Q. It was not?—A. No sir.

Q. However, the prices were lower?—A. Well, the manufacturers could make a profit and sell at Senator Currie's price just the same.

Q. You mean, the Canadian manufacturers?—A. The manufacturers or the machining and assembling.

Q. But could the Canadian Manufacturers have made profits at Senator Currie's prices?—A. They are doing it now.

Q. But could they at the beginning?—A. Yes.

Q. But you were able to get them manufactured cheaper in the United States than in Canada at that time?—A. I cannot tell you the Canadian prices, or what prices were being obtained; I don't know.

Q. Did you know at the time the contracts were being let?—A. I did not. There was only one price I know of as the Canadian price.

Q. Did you know that the American prices were lower than the Canadian prices for the same work, at that time?—A. You are safe in saying that the Canadian Car and Foundry Company put out their contract at a cheaper price I believe than what was reigning in Canada at that time.

Q. You stated that at the time you went to General Bertram you had learned that Mr. Ohmer was a man who was in the habit of biting off more than he could chew?—A. Experience has taught me that that this is a proper expression.

Q. To go back to what your experience was, when talking to General Bertram you have told me already that he commenced his buildings (that is, Mr. Ohmer) on the first of April, 1915?—A. Extension, not construction of his buildings.

Q. He said construction. I may tell you that it is a fact that General Bertram met Mr. Ohmer in New York about the 18th or the 20th of May, 1915?—A. Yes.

Mr. CARVELL: That is established in evidence, and my friends will admit it to be the fact.

[Herbert J. Mackie.]

Mr. HELLMUTH: Say from the 15th to the 20th. I think it was the 15th, but it does not make any difference. Your time is near enough.

Sir WILLIAM MEREDITH: Put your question according to your own hypothesis, and let him answer it.

Mr. CARVELL: What had taken place between the first day of April and the 7th or the 18th of May in order to discredit Mr. Ohmer in your eyes as a manufacturer?—A. His cheery optimism, sir.

Q. That had developed in a month and a half?—A. Yes.

Q. At any rate, this man's optimism had rather militated against him in your mind, as a manufacturer; was there anything else?—A. He is a good manufacturer, but the reliability of his statements—

Q. Had you at that time found occasion to imagine that his statements were not reliable?—A. Actions. His actions were not reliable.

Q. What were his actions down to say the 18th of May which led you to believe he was not reliable?—A. Interviewing not only the Canadian Car and Foundry Company, but General Bertram and others soliciting these contracts.

Q. Looking for business?—A. Yes.

Q. That was the only sin he had committed, so far as you know, during that time?—A. This had come in too, in a measure, under construction work and so on.

Q. Those were the reasons you did not want General Bertram to enter into negotiations with Ohmer, were they?

Hon. Mr. DUFF: Colonel Mackie gave a very good reason in his examination in chief, that he was afraid that his contract was going to be interfered with.

Mr. CARVELL: Yes, but he also took occasion to throw some discredit upon Mr. Ohmer.

The WITNESS: None whatever, sir. Mr. Ohmer and I are very good friends.

Mr. CARVELL: He is a stranger to me. I should imagine he is doing some business, by the story he told yesterday.

The WITNESS: Yes, he has a splendid plant and is doing good work.

Q. And has turned out from 750,000 to a million fuses?—A. That is not my story.

Q. You say he has not actually created or manufactured the fuses he said he has?—A. That is his story, I don't know.

Q. You are not in a position to deny it?—A. I would not.

Q. He says that he is turning out about 20,000 a day, according to my recollection?—A. That is his statement. It does not agree with the statement I got in New York, and it does not correspond with what I am doing at Petawawa. He might be storing them; that I cannot tell. Why he would be storing them would be another thing I could not tell.

Q. All you can tell is, what is sent there for proving?—A. What is sent there for proving, and also the New York reports which I get.

Q. I do not want to go into details of your relations with the Canadian Car and Foundry Company, but you said you had a small percentage of the expected profits. Do you get that from Colonel Allison, or does he get that from you?—A. No, sir. I get it from the Canadian Car and Foundry Company.

Q. Do you pay him any portion of it?—A. To Colonel Allison?

Q. Yes?—A. None, sir.

Q. Does the Canadian Car and Foundry Company pay Colonel Allison any percentage?—A. I suppose he is in the same position as I am, in that regard, he hopes to get some.

Q. He hopes to get something out of it at the end?—A. Yes.

Mr. NESBITT: In reference to Mr. Ohmer, I think you said that you remonstrated with Colonel Bertram against their attempting to deal with Mr. Ohmer, because you thought it would interfere with your deliveries?—A. I did, sir.

Q. Did you say anything further to him as to Mr. Ohmer's financial ability to undertake further work?—A. I think I did, sir, at that time.

Q. Were you present at all when the president of the company Mr. Mahan, discussed the matter with General Bertram and Colonel Carnegie?—A. I left the room shortly before they came in, but I remember them being there.

Q. So you cannot say what warning he gave them in that direction?—A. No, sir; but I have an idea what his warning would be, sir.

Q. You say you knew the situation well; what would you say Mr. Ohmer's financial situation at that time was, to undertake any contract of this kind with the Shell Committee?—A. He could not do it.

Q. Why?—A. He hadn't the finances.

Mr. CARVELL: He says he had.

Mr. NESBITT: What has been his history in reference to the Canadian Car and Foundry Company contract, as to finances?—A. He has fallen down.

Q. What do you mean when you say fallen down?—A. He did not come forward with his surety bond, for one thing, and eventually the Canadian Car and Foundry Company, for its own protection, got a controlling interest in his company, to protect the money they had advanced.

Q. How much money have they advanced?—A. They advanced him up to deliveries of any account about three million dollars.

Q. Prior to any deliveries?—A. To any material deliveries.

Q. It was suggested that that advance would be made in accordance with what they were bound to do under their contract, he was just to do the work and get a percentage, on a percentage basis; do you know how that is?—A. The Canadian Car and Foundry Company have gone far above their agreement with Mr. Ohmer, in regard to finances.

Q. Would it be a fair description to say that he was a modern Colonel Sellers—if you know who that gentleman was?—A. I don't know him.

Q. Full of cheery optimism is another method of describing him; in other words, full of hot air, a good manufacturer, but an impractical business man?—A. Mr. Ohmer was in financial difficulties when he took this contract.

Q. He talks that if he had got this contract from the Shell Committee he could have started and finished his work in Canada?—A. He could not.

Q. Apart from any other consideration?—A. No, and he could not do it in his Dayton work, because the Canadian Car and Foundry Company control that. Working on the percentage basis, the Canadian Car and Foundry Company would not allow him to take on another contract, excepting that when he did take it he had the permission of Colonel Currie to take on that work.

Q. What is the size of it?—A. 1,000 fuses.

Q. Did you at any time see Mr. Russell and Mr. Harris in New York about this business—either Mr. Russell or Lloyd Harris?—A. Yes, sir, I saw them three or four times, I should say.

Q. What was their mission there, do you know?—A. They told me they expected a fuse contract from the Shell Committee and were down there looking for some contractors for component parts, or some parts.

Q. In the United States?—A. In the United States, and I put them in touch with quite a few people who had approached me with regard to the making of time fuses.

Q. You do not know what became of those negotiations?—A. No, only that they interviewed those different parties. I really do not know the outcome of it at all.

Q. There is another matter you can, perhaps, give us some information on regarding what Mr. Justice Duff was asking about this morning. You were concerned in the letting of sub-contracts. Do you know what contracts for British fuses, if any, had been let in the United States in May, 1915?—A. Only one, sir, to my knowledge, to the American Locomotive Company.

[Herbert J. Mackie.]



Q. When was that let?—A. I should think it would be in April, because they were negotiating with the Canadian Car and Foundry Company for several weeks. Negotiations ceased and I learned afterwards that the reason of the negotiations ceasing was that they had taken a contract themselves direct.

Q. Other than that, you know of no contract for the British fuses?—A. The Scovills were making them, but when they got it I don't know.

Hon. Mr. DUFF: Were the American Locomotive people making British fuses?

Mr. NESBITT: What were they making?—A. None were making No. 80.

Q. What were the American Locomotive Company making?—A. I think they were making a modified American fuse.

Q. Scovill and Company we know declined to touch the British fuses?—A. They would not touch any time fuse that had aluminium as a component part.

Mr. CARVELL: I would like to ask one question arising out of Mr. Nesbitt's cross-examination.

Q. Without going into the details of your contract, is it not a fact that you were bound to advance money to Mr. Ohmer as the work progressed?—A. I don't know, Mr. Carvell, just the wording of that clause in the contract.

Q. You do know as a fact that this was what was called a force account contract, that is the ordinary term, that means the cost plus a certain percentage, and that those fuses were being manufactured by Ohmer as I understand it, on that basis?—A. Yes.

Q. Is it not a fact that at certain stipulated times you would have to make advances on account of the cost of the material and the labour?—A. Yes, sir, up to \$750,000, when he thought he would have time fuses coming forward by that time.

Q. Up to what?—A. \$750,000.

Q. \$750,000 would represent a certain number of time fuses, we will say 150,000 or 200,000—I am not asking the price, but say 150,000. Would Mr. Ohmer not be compelled to be expending work or money on material and labour for large quantities of fuses in advance of the first 150,000, during the same time?—A. He should be well ahead, in some component parts.

Q. Wouldn't he be entitled to a certain percentage as that labour was performed and as the materials were purchased?—A. I don't know whether you are criticizing the contract the Canadian Car and Foundry Company made with Mr. Ohmer or not—

Q. I am not. I am asking you for your general opinion on it?—A. My opinion would have no weight at all.

Q. Is it not a fact that as money was expended in the construction of material or the cost of labour, even beyond the first amount which would amount to the sum of \$750,000, you were to make advances to him?—A. My understanding of it, sir (and I do not really recall it, although I have seen the contract, I cannot recall it otherwise or I would tell you) the \$750,000, at the end of that time I mean, when that money would be expended, time fuses would be coming forward and that he would be being paid on the cost and percentage basis, and that would float the situation along.

Q. That is, float it along up to that time?

Sir WILLIAM MEREDITH: He did not say that. He said it would float the situation along.

Mr. CARVELL: At the time he was getting his \$750,000, wouldn't he have spent money getting those fuses on the way, in regard to material and labour?—A. He would.

Q. And wouldn't he be entitled to further advances as that work progressed?—  
A. Mr. Ohmer came forward with the statement—

Q. But wouldn't he be entitled to further advances as that work progressed; I think I have a right to an answer to that question?—A. That is a matter of agreement between the company and him.

Q. You don't know that?—A. If I knew, I would not make any expression about it.

Mr. NESBITT: There is something I had forgotten, about which I would like to ask a question.

Q. Would you say it would be a correct statement that Ohmer, without the assistance of the Russian experts, could have accomplished practically nothing in the manufacture of time fuses?—A. He would be nowhere to-day without them.

Sir WILLIAM MEREDITH: I understood you to say, Colonel Mackie, that the company agreed to make him an advance of \$750,000?—A. Yes, sir.

Q. But when that had been used up, it would be expected that deliveries would be coming along?—A. Yes.

Q. And that for the rest of it he would be able, with the payments to him for those deliveries, to carry it on?—A. That is my understanding of it, sir. If any more money would be advanced to him they would look for bonds, and collaterals, and they have none whatever.

Mr. CARVELL: There have been dragged in here collateral issues that have no bearing on the case at all, I understand for a purpose, and it is not hard to tell what the purpose is, and as the Chief Justice—

Mr. NESBITT: What do you say the purpose is, Mr. Carvell?

Sir WILLIAM MEREDITH: What is it you want to say, Mr. Carvell?

Mr. CARVELL: The Chief Justice stated yesterday that so far as he was concerned he wanted to see the contract.

Mr. NESBITT: We have telegraphed for it.

Mr. CARVELL: I understood the contract was to be here. I would like to have a chance to examine this witness after it comes here; he comes here making certain statements, and certain questions are asked by Mr. Nesbitt in regard to this contract. I would like to have the contract here, to have a chance to cross-examine upon it.

Mr. NESBITT: Before we adjourned I asked them to telegraph to New York for it, and I expect it will be here. I will produce it the moment it comes.

Mr. CARVELL: For the cross-examination of this witness?

Mr. NESBITT: I have no control over him. I think you will find that it is just the way the Chief Justice says.

Mr. CARVELL: Maybe so, but it is a very unsatisfactory way of getting the evidence of a witness.

Mr. HELLMUTH: Perhaps Colonel Mackie can arrange to be back here?

The WITNESS: I can be.

Mr. NESBITT: We telegraph last night for the contract.

Sir WILLIAM MEREDITH: I thought somebody said there was a copy in the room.

Mr. HELLMUTH: That was only an extract. It will be here in the morning, and if Colonel Mackie is here then it will be all right even if the argument has already been started—as I hope it will.

(The Commission adjourned at 1.05 p.m. until 2.30 p.m.)

## AFTERNOON SESSION.

OTTAWA, TUESDAY, June 6, 1916, 2.30 p.m.

Mr. HELLMUTH: First of all, Messrs. Commissioners, I desire to put in a supplementary telegram. On page 1116, Exhibit 315 is a letter of Sept. 3rd, saying: "We have your wire of Sept. 2nd." It is to the American Ammunition Co., and that wire was not put in. I have got it now. I believe they sent to New York for a copy.

Sir WILLIAM MEREDITH: From whom to whom?

Mr. HELLMUTH: From the American Ammunition Co. to the Shell Committee, Stephen Bldg., Ottawa, Ont. It is dated New York, Sept. 2, 1915, and reads as follows: "Hurry specifications and drawings for packing of fuses we must get our orders in for same otherwise there will surely be delay when can we hope for decision upon elimination of detonators and firing test? (Marked Exhibit 337.)

Then I have here now a file of correspondence passing between the Shell Committee and the Chief Inspector at Woolwich, and other War Office officials, and the American Ammunition Co. as Mr. Stewart points out, in regard to the changes, and perhaps a little more in reference to the No. 100 graze fuse and the detonator. These are in chronological order, I think, and the first is on the 11th of August, a cablegram, and the last date is the 6th December.

Hon. Mr. DUFF: Are there no cables earlier than the 11th August?

Mr. HELLMUTH: Perhaps the first cable will explain that. "Can you supply drawings of gauges, one hundred drawing No. two one naught seven naught A1. These are urgently required. We propose Cobalt plating steel fuse instead of nickel plating. Do you agree? What quality steel is required for fuses."

Sir WILLIAM MEREDITH: That is the Shell Committee?

Mr. HELLMUTH: To the Chief Inspector, Woolwich. I do not think I need read them all, but it was intended that that should be produced. It may go in as one Exhibit.

Hon. Mr. DUFF: Oh, yes.

Mr. CARVELL: What question can there be—

Mr. HELLMUTH: Mr. Commissioner Duff asked what correspondence or telegrams had passed between the English authorities and the Shell Committee in reference to the specifications, drawings or changes, so far as the graze fuse was concerned.

Hon. Mr. DUFF: With special reference to the elimination of the detonator.

Mr. HELLMUTH: And this is the file of that correspondence

Mr. CARVELL: I accept Mr. Hellmuth's statement unreservedly.

Mr. HELLMUTH: I may say quite frankly that I have read the first and have not gone through the file myself.

Mr. CARVELL: Of course I take Mr. Hellmuth's assurance. One rather dislikes to see large quantities of documents go in unless they know what they are. If they are all official, all right.

Mr. HELLMUTH: They are, and there are inquiries also.

Hon. Mr. DUFF: The object of my inquiry was to clear up the history of that part which seemed to be a little obscure on the record.

## SHELL CONTRACTS COMMISSION

OTTAWA, Ont., August 11, 1915.

Chief Inspector,  
Woolwich, Eng.

Can you supply drawings of gauges one hundred drawing number two one naught seven naught A1. These are urgently required (stop). We propose Cobalt plating Steel Fuze instead of nickel plating. Do you agree? What quality steel is required for fuzes.

SHELL COMMITTEE.

(Part of Exhibit 338.)

## INSPECTION DEPARTMENT,

Royal Arsenal, Woolwich, S. E.,

August 13, 1915

Please quote in reply

W 8

9784

The Secretary,  
Canadian Shell Committee,  
Stephen Buildings,  
Ottawa, Ontario, Canada.

Sir,—Fuze Graze No. 100 Mk 1.

I have the honour to refer to your cable of the 12th inst. and to forward for your information, as requested, drawing of gauges for the above fuse.

The question of using cobalt for plating in lieu of nickelling is under consideration.

Any steel that is mild and homogeneous, and suitable for use in automatic machines, may be used for the manufacture of the body, cap and adapter of this fuse.

I have the honour to be, sir,

Your obedient servant,

C. S. YOUNG, Major R.A.  
For Chief Inspector, Woolwich.

London, Eng., August 16, 1915.

Shell Committee,

Stephen Bldg., Ottawa.

328. Have forwarded gauge drawings hundred fuze (stop) Cobalt under consideration (stop) Any mild Homogeneous Steel.

STANFIELD.

(Part of Exhibit 338.)

OTTAWA, ONT., August 24, 1915.

Chief Inspector,  
Woolwich, Eng.

Manufacturers say they must use eleven and a half coils instead of nine and a half in spring for percussion pellett number one hundred fuse to conform to specification tests. Do you agree?

SHELL COMMITTEE.

(Part of Exhibit 338.)

SHELL CONTRACTS COMMISSION

1439

34 GOVERNMENT,

LONDON, ENG., August 23, 1915.

Shell Committee,  
Ottawa.

345. No objection Screwdriver Slot in Primer plug (stop) Gaine Gauge drawings being forwarded (stop) No detonator plug or detonator at present required in graze pellet hundred fuze.

(Part of Exhibit 338.)

STANFIELD.

London, Eng., 25th August, 1915.

Shell Committee,  
Stephens Bldg., Ottawa.

352 My 328 Cobalt plating hundred fuze not permissible (stop) Cobalt very deleterious. Must be rigidly excluded.

(Part of Exhibit 338.)

STANFIELD.

INSPECTION DEPARTMENT,

ROYAL ARSENAL, WOOLWICH, S.E., 28th August, 1915.

Please quote in reply

W 8—9784.

Chief Inspector,  
Royal Arsenal,  
Woolwich, S.E.

The Secretary Canadian Shell Committee,  
Stephen Building,  
Ottawa, Canada.

*Fuze Graze No. 100 Mark 1.*

SIR,—I have the honour to refer to your cable of the 12th instant, asking if cobalt plating could be permitted, and I now confirm my cable in reply, informing you that cobalt plating was not permissible (as cobalt form a sensitive picrate with picrate acid).

I have the honour to be, gentlemen,

Your obedient servant,

J. REDGATE, R. & R.A.

*For Chief Inspector, Woolwich.*

(Part of Exhibit 338.)

INSPECTION DEPARTMENT, ROYAL ARSENAL,

WOOLWICH, S.E., 31st August, 1915.

Please quote in reply

W 10—10752

Chief Inspector,  
Royal Arsenal,  
Woolwich, S.E.

## SHELL CONTRACTS COMMISSION

The Canadian Shell Committee,  
 Stephen Buildings,  
 Ottawa, Ont., Canada.

*Detent and Percussion Springs for Fuse Graze No. 100 Mark 1.*

GENTLEMEN,—I have the honour to inform you that the following slight alterations to the limits for the detent and percussion springs for No. 100 Fuse, and to the test laid down on the drawing for the percussion spring, will facilitate manufacture and may immediately be worked to.

Detent Springs:—

may consist of  $13\frac{1}{2}$  to  $14\frac{1}{2}$  coils.  
 length after 12 hours total compression to be  
 H.1.3"  
 L.1.15".

Percussion Springs:—

may consist of  $9\frac{1}{2}$  to  $10\frac{1}{2}$  coils.  
 minimum diameter of wire to be .023".

For the detent spring no departure from the tests laid down on the drawing can be permitted, but the percussion spring will be accepted provided the weight does not exceed 2 lb. 8 oz.

I have the honour to be, gentlemen,

Your obedient servant,

C. S. YOUNG, Major F.A.

*For Chief Inspector, Woolwich.*

(Part of Exhibit 338.)

WOOLWICH, Eng., September 1, 1915.

Shell Committee,  
 Stephen Building, Ottawa.

Three hundred and seventy-eight fuse percussion springs eleven and a half coils permissible. Should not be necessary if correct piano wire used.

STANFIELD.

(Part of Exhibit 338.)

September 4, 1915.

Chief Inspector,  
 Royal Arsenal, Woolwich, S.E.,  
 England.

SIR,—We are in receipt of your letter of the 13th August, reference W. 8—9784, on the subject of Fuse Gauge No. 100, Mark 1.

We have since received your cable informing us that cobalt for plating will not be permitted and we are arranging accordingly.

We have the honour to be, sir,

Your obedient servants,

(Part of Exhibit 338.)

SHELL CONTRACTS COMMISSION

1441

INSPECTION DEPARTMENT, ROYAL ARSENAL,

WOOLWICH, S.E., September, 1915.

Please quote in reply

W 10—11254.

and address:—

Chief Inspector,

Royal Arsenal, Woolwich, S.E.

The Secretary,

Canadian Shell Committee,

Stephen Buildings, Ottawa, Ontario,

Canada.

*Fuze Graze No. 100, Mark 1.*

SIR.—With reference to your cable asking whether cobalt plating, in lieu of nickelling, would be permissible, I am directed to inform you of the decision of the Ordnance Board on this matter.

*O. B. Minute 15221.*

C. I. W. 19.8.15, states he has received a cable from the Canadian Shell Committee regarding Fuze Graze No 100 Mark 1 of which the following is an extract:—

Propose cobalt plating steel fuzes instead of nickel plating, do you agree?

To which he has replied that the matter is under consideration.

In view of the decision given in No. 23777, in the minute dated 1.3.15, to limit the percentage of cobalt in material for nose bushes for shell to 0.1 per cent, he asks if the board will consider this matter at the earliest opportunity.

*Action.*—The board consider that cobalt is not permissible, as it forms a sensitive picrate with picric acid.

I have the honour to be, sir,

Your obedient servant,

D. S. YOUNG, Major R.A.,

(Part of Exhibit 338.)

*For Chief Inspector, Woolwich.*

AMERICAN AMMUNITION COMPANY,

NEW YORK, Sept. 21, 1915.

General A. BERTRAM, Chairman,

Shell Committee,

Ottawa, Ont.

Dear Sir,—We received the latter part of August, from Mr. Phipps, fuse specification L/3562, covering fuse graze No. 100, which specification supersedes L/3533 and L/3478. This specification apparently is a refinement of former specifications, and is a little plainer in regard to some of the points, such as steel, bodies, etc. We appreciate that this specification does not apply officially to the fuse which we are building under contract with your goodselves, but if we are to expect the same revised specification from you, it would add greatly to the convenience of our manufacturers if now, while in their preparatory stages, they could work under the latest specification so as to avoid all changes possible to which end we would ask if you could officially instruct us if we may apply this specification to our contract for No. 100 fuses, if not this specification might be of some value to your committee as possibly advance information, and it will give us great pleasure if it is of any use to you whatsoever.

Yours very truly,

AMERICAN AMMUNITION COMPANY,

(Part of Exhibit 338.)

Per F. F. PHILLIPS.

## SHELL CONTRACTS COMMISSION

Sept. 24, 1915.

The American Ammunition Company,  
25 Broad Street,  
New York, N.Y.

Gentlemen,—We are in receipt of your letter dated Sept. 21st, with photographic copy of specification L/3562 covering fuse graze No. 100, received from Mr. Phipps.

We note your request that you be allowed to work to this new specification, but as we have not received official notification from the Chief Inspector, Woolwich, authorizing us to work to same, nor have we received copy of this specification from him, we cannot permit you to work to specification other than L/3533 and L/3478.

We appreciate your remarks that this new specification would eliminate possible changes at a later date in the manufacture of fuses and which could be carried out to good advantage by the manufacturers while in their preparatory stages and are therefore cabling the Chief Inspector at Woolwich, requesting his permission to work to this revised specification No. L/3562. Immediately on his reply we will communicate with you.

In the meanwhile we would be pleased to know if these changes will in any way reduce the cost of fuses.

Yours very truly,

(Part of Exhibit 338.)

OTTAWA, ONT., September 24, 1915.

Chief Inspector,  
Woolwich, Eng.

May we work to specification L over three five six two fuse graze number one hundred approved July 21, 1915, received by Colonel Phipps wire. Reply also send copy of specification.

SHELL COMMITTEE.

(Part of Exhibit 338.)

25 BROAD STREET,

NEW YORK, Sept. 28, 1915.

Shell Committee,  
Ottawa, Ont.

Gentlemen,—Referring to the recess at the bottom of the thread in the body to receive the percussion detonator plug, we would ask if we could eliminate this recess and reduce the first thread on the detonator plug. We understand you are permitting this with some manufacturers, and will ask permission to do it in the No. 100 graze fuse which we are building under contract with your committee.

Yours very truly,

AMERICAN AMMUNITION Co.,

Per F. F. PHILLIPS."

(Part of Exhibit 338.)

"25 BROAD STREET,

NEW YORK, Sept. 28, 1915.

"General A. BERTRAM, Chairman,  
Shell Committee,  
Ottawa, Ont.

"DEAR SIR,—Your letter of Sept. 24, in re specification L/3562, covering fuse graze No. 100, received. This specification in no respect alters the cost



of the fuse, it simply more clearly defines what has to be done for instance, in one particular, that of the use of lacquer on steel body fuse. In the old specification there is an option of nickel or lacquer in the new specification the instructions are positive that the body piece and the cap must be electroplated with copper throughout, and you can see how undesirable it would be should our factories equip to nickel-plate or lacquer and later receive a specification which positively instructs that copper plating is to be used.

"We await your further instructions. In the meantime working under our contract specification.

Your very truly,

AMERICAN AMMUNITION Co.,  
Per F. F. PHILLIPS."

(Part of Exhibit 338.)

"LONDON, Eng.,  
1st October, 1915.

"Shell Committee,  
Stephen Bldg., Ottawa.

471. Your 24th September. Work to specification L three five six two five hundred.

STANSFIELD."

(Part of Exhibit 338.)

OTTAWA, Ont., 1st October, 1915.

Chief Inspector,  
Woolwich, Eng.

Reference drawing R. L. number two two one two one brackets one, March thirteenth, nineteen fifteen adapter number four is shown to fit closely with bottom of fuse (stop). Drawing number two two three one six, March third, nineteen fifteen part section showing set screw indicates clearance of about one-eighth of an inch between base of fuse and top of adapter (stop). We consider clearance desirable to allow for difference in limits of adapter and depth of screw in inside of shell (stop). Is there any objection to clearance?

SHELL COMMITTEE.

(Part of Exhibit 338.)

October 13, 1915.

American Ammunition Co.,  
New York, N.Y.,

(Attention of Mr. F. F. Phillips.)

Dear Sir,—With reference to the question of Copper Plating the Cap Body and Adapter for the No. 100 Graze Fuse raised with our Mr. Brooks on his visit to New York. It will be quite in order to copper plate these three parts as provided for in Specification No. L. 3562.

We are pushing forward the preparation of copies of the before mentioned specifications, one of which we will send you.

It will be, of course, distinctly understood that this specification only applies to the mechanical operations performed on the fuse, and that the question of loading, as we require it to be done, is not dealt with therein.

Yours very truly.

(Part of Exhibit 338.)

## SHELL CONTRACTS COMMISSION

Chief Inspector,  
Woolwich, Eng.

OTTAWA, 13th October, 1915.

Reference number one hundred graze fuse, our contractors contend that using one detonator only their chances of success firing proof are reduced fifty per cent and insist using two detonators as arranged when contract was placed. Is there any objection to use of two detonators? Wire reply.

SHELL COMMITTEE.

(Part of Exhibit 338.)

Militia,  
Ottawa.

15th October, 1915.

8868 cipher D.M.C. Graze fuse No. 100. Your specifications are old. By new specification L3562B which is being forwarded you with drawing, cap, body or adapter with set screw may be made of any mild steel suitable for working in automatics which is homogeneous free from blow holes. We prefer adapters made in steel. Please arrange if possible.

TROOPERS.

(Part of Exhibit 338.)

Chief Inspector,  
Woolwich, Eng.

15th October, 1915.

Reference number one hundred fuse graze mark one specification L over three five six two munitions department agreed to waive firing proof for fuses being manufactured for Shell Committee. We therefore understand that paragraphs twenty and twenty-one are deleted from specification. Please cable if this is correct.

SHELL COMMITTEE.

(Part of Exhibit 338.)

LONDON, Eng.,

16th October, 1915.

Shell Committee,  
Stephen Bldg., Ottawa.

530. Yours thirteenth detonators hundred fuse referred.  
Ordnance Board.

STANSFIELD.

(Part of Exhibit 338.)

LONDON, ENG., 17th October, 1915.

Shell Committee,  
Stephen Bldg., Ottawa.

533. Gun proof only waived for empty number one hundred fuses amended specification follows.

STANSFIELD.

(Part of Exhibit 338.)

OTTAWA, Ont., 17th October, 1915.

Chief Inspector,  
Woolwich, Eng.

Your 533 October 17. Munitions Department have decided accept empty number one hundred fuse and we are arranging accordingly.

SHELL COMMITTEE.

(Part of Exhibit 338.)

OTTAWA, Ont., 22nd October, 1915.

Troopers,  
London, Eng.  
744 cipher.

Your 8868 cipher D.M.C. October 15th. We are making cap, body and adapter of mild steel.

MILITIA.

(Part of Exhibit 338.)

OTTAWA, Ont., 10th November, 1915.

Troopers,  
London, Eng.  
791 cipher.

Regarding contracts for fuse No. 100.

Fuses are being supplied without brass or tin disc shown on drawing just received R.L. 21070 A. 1. dated 15th September last.

Shall we arrange for these to be included in present contracts?

MILITIA.

(Part of Exhibit 338.)

25 BROAD STREET,

NEW YORK, December 6, 1915.

Hon. Lt.-Col. D. CARNEGIE,  
Shell Committee,  
Union Bank Building,  
Ottawa, Canada.

MY DEAR COLONEL CARNEGIE,—In order that you may appreciate the difficulty our sub-contractors have had in proceeding with the production of fuses under our contract with you, will call your attention to the extracts from communications which have passed between us. We particularly wish to call your attention to the delays with respect to No. 100 fuse.

We have made these notations as brief as possible and trust you will take the time to read them over.

Yours very truly,

AMERICAN AMMUNITION COMPANY, INC.

E. B. CADWELL, *President.*

Enc.

(Part of Exhibit 338.)

Memorandum *re* communications to and from Shell Committee—*progress reports—causes for delays, etc., July to date, Dec. 15.*

July 14. Wrote Shell Committee for specification for boxes.

Aug. 7. Wrote Shell Committee for specification for packing fuses.

Aug. 16. Shell Committee writes they are having design made up of boxes required for packing 80/44 and will forward as soon as possible.

Aug. 21. Wrote Shell Committee again asking them for specifications for packing cases.

Sept. 3. Letter from Shell Committee enclosing revised drawings (80/44) showing changes in stirrup springs and also changes in gauges for them.

- Sept. 14. Letter to Shell Committee "still waiting for decision regarding elimination of detonators."
- Sept. 15. Packing cases must be tin-lined and sealed, particulars will follow (Shell Committee).
- Sept. 17. Letter from Shell Committee setting forth alterations to limits for detent and percussion springs.
- Sept. 21. Letter to Shell Committee *re* packing boxes, asking for a reply as early as possible settling points raised in our previous letters.
- Sept. 21. Letter from Shell Committee stating they had given full consideration to points before them with reference to aluminum bodies for 80/44. Have cabled London and will advise as soon as their reply is had.  
War Office cabled that they require percussion detonator in 100 fuse, also tests to be as provided in specification. The graze detonator may be left out, what reduction in cost are we willing to allow.
- Sept. 25. Letter from Shell Committee *re* certain changes to be made in design of packing boxes.
- Sept. 24. Letter from Shell Committee in reply to our letter of 21st enclosing photographic copy of specification fuse No. 100, received from Mr. Phipps. Stated could not allow us to work to new specification until official notification was received by them from Chief Inspector at Woolwich authorizing working to same. We cannot permit you to work to specifications other than L/3533 and L/3478. Will advise us as soon as they receive word.
- Sept. 29. Letter from Shell Committee enclosing revised drawing of No. 100 fuse (change is for denoting the position of detonator when screwed into shell).
- Oct. 15. Telegram from Shell Committee stating they have received cable from England reconsidering question of fuse and will accept No. 100 fuse without percussion detonator and firing proof will be waived. We therefore accept your reduction 27½ cents per fuse.
- Oct. 23. Letter to Shell Committee suggesting modifications of dimensions of packing boxes.
- Oct. 28. Telegram from Shell Committee stating that No. 100 fuses will be shipped assembling factories in Canada locations of which will be sent later.
- Nov. 4. Telegram from Shell Committee "War Office find 80/44 unsatisfactory. Require this type changed to 80 Mark V with brass parts substituted for aluminum.
- Nov. 5. Wired Shell Committee must have shipping instructions number 100 fuses, also instructions as to who will finally approve and accept complete assembled fuses.
- Nov. 8. Wired Shell Committee that we have been reviewing situation with our manufacturers and engineers and find delay about 30 days. Have stopped production 80/44. Question of expense unsettled.
- Nov. 8. Wrote Shell Committee we are still without instructions as to who will pass on the leather and paper washers.
- Nov. 11. Telegram from Shell Committee "Hold up manufacture of No. 100 fuse packing boxes. Considering advisability changing destination of these fuses."
- Nov. 24. Telegram from Shell Committee "Go forward with alteration No. 80/44 fuses into 80 with aluminum bodies. It is assumed no charge will be made for this."
- Nov. 29. Informed Shell Committee that we are still waiting for shipping instructions.
- Nov. 24. Informed Shell Committee that we are still without shipping instructions.
- Nov. 24. Telegram from Shell Committee to go forward with alterations of 80/44 fuses into 80 with aluminum bodies. It is assumed no charge will be made for this.

- Dec. 3. Wired Shell Committee for shipping instructions stating that Oliver Typewriting Co. were ready to make shipments.
- Dec. 4. Wired asking how many fuses Oliver had ready for shipment.
- Dec. 4. Received telegram from Oliver Co. that they have 2,000 fuses ready for shipment, and more waiting for the inspectors to pass. They also state that inspection is proceeding so slowly that they are materially delaying shipment.
- Dec. 4. Letter written to Shell Committee by Mr. Greene setting forth in detail the changes it is understood is required and asking them to look the same over and advise us if they are all the changes which they desire to have made.
- Dec. 6. Wired above information to Shell Committee. Up to date we have not received instructions for shipping, and as far as we know neither have Oliver Co.

(Marked as Exhibit 338.)

Brigadier General Sir ALEXANDER BERTRAM, recalled and examined.

*By Mr. Hellmuth:*

Q. You have been sworn, General Bertram?—A. Yes, sir.

Q. There are one or two matters in regard to which evidence has been given since you were called and which I am not quite certain that you dealt with on your examination in chief. Mr. Lloyd Harris in his evidence stated that on the 5th of May you had given him to understand—I am not giving his exact words, but the effect or the impression that was intended to be conveyed—he stated that you had given him to understand that if he wanted to obtain an order from the Shell Committee he would have to see Colonel Allison in order to obtain it. What do you say as to that?—A. I do not remember making any such remark. I wish I could.

Q. As I understand it, you had at that time received a statement which I think you gave in chief, from General Hughes to see Colonel Allison in reference to getting some one who would break the prices or something like that?—A. Yes, sir.

Q. Is that right?—A. Yes, sir.

Q. Now, outside of that what connection had Colonel Allison with the obtaining by others of contracts from you?—A. None at all, except the Edwards contract.

Q. I am talking of fuse contracts?—A. I might state that the first time I met Colonel Allison was the morning of the 15th when we had that interview.

Q. In New York?—A. Yes. I have never seen him since until lately.

Hon. Mr. DUFF: The 15th of May?—A. The 15th of May, yes, and at that time I had no business conversation at all.

Mr. HELLMUTH: So far as you were concerned, what part had Colonel Allison to play, beyond as you have told us of getting any manufacturers together to break prices, or make an offer?—A. We never had any interview with him after that.

Q. What part was he to play? What other part?—A. He was to introduce us to the manufacturers.

Q. Did you authorize Colonel Allison to interview any people who came to you directly?—A. No, no, no, no. It was a well understood fact that if anybody wanted to do business, they had to do it with me direct and not through any intermediary source at all.

Mr. HELLMUTH: Would you let me see the letter that Lloyd Harris wrote to Sir Robert Borden, I have forgotten what exhibit it is. It was used during the examination of Mr. Harris I know, and I think exhibit number would be referred to then.

Mr. HENDERSON: It is at page 416, commencing at the foot of page 415.

Mr. HELLMUTH: I want the letter to Sir Robert Borden.

Mr. HENDERSON: That is it.

Mr. HELLMUTH: No, there was a memorandum enclosed.

Mr. JOHNSTON: It is all there.

Mr. HELLMUTH: Oh, yes, what I want is on page 416.

Sir WILLIAM MEREDITH: What is the number of the exhibit?

Mr. HELLMUTH: 216 I am told. Now, in the memorandum of negotiations of the Russell Motor Car Company with the Shell Committee *re* fuses, this appears: "April 30, 1915—Messrs. Russell and Harris met the Minister of Militia in New York, and the Minister told Mr. Russell to get busy and see what we could do in establishing a fuse plant in Canada. May 6,—This is what I want—" May 6, 1915.—Mr. Harris met General Bertram and Colonel Carnegie of the Shell Committee in Montreal, and was advised that they had instructions from the War Office to purchase five million time fuses, and were negotiating with United States interests to manufacture them. After discussing the matter they stated that they would be glad to hear from us regarding the possibility of making at least a part of this order in Canada."

Q. Is that correct?—A. That is correct.

Q. You did tell on the 6th of May that you would be glad to hear from them?—

A. Yes.

Q. Now, what do you say as to telling them that in order to hear from them it would have to go to Col. Allison or anything to that effect? Did you tell them that?—A. No, never thought of such a thing. That was not my line of policy at all to ask people to go to other people and get orders.

Q. You cannot say whether Col. Allison's name came up?—A. I cannot recollect it at all.

Q. Had you at that time heard from General Hughes—I assume you had—in regard to seeing Col. Allison, if he could get some one to break prices or offer a contract?—A. That was previous to that.

Q. That you had seen the General?—A. Yes. That is the only time we spoke to General Hughes in my recollection about fuses. He simply told us to see this man and see if we could break prices; after that we had no communication with regard to fuses, up to the time we asked him to come and put his name to those contracts.

Q. Now, Mr. Lloyd Harris says—I think I am using his words—that Col. Carnegie told him that he had to let these contracts. That is when he saw him on the 26th, with Mr. Russell. I think the words were, "That there was pressure from higher up?"—A. Yes.

Q. What do you say as to that, were you present?—A. I do not remember as to that, I know I was the pressure.

Q. Who was pressing you?—A. I was the pressure. You must recollect, we were not doing business as we are doing it here, everything was going with a rush. We had to get moving, and the pressure came from the War Office. They were asking for deliveries, and we knew that we were behind. We were behind from the very first. We were delayed on account of not getting gauges in the first place, did not have correct drawings. Everything turned up, changes in the drawings, and delayed our work; therefore we were pushing and urging for all we were worth.

Q. Was there pressure from General Hughes to let these contracts to the American Ammunition Co. and the International.—A. No, sir, never mentioned it in any shape or form. We never discussed it with General Hughes. I might also add that in connection with all this work we had no interference on the part of the Canadian Government. They absolutely knew nothing of what we were doing except the cablegrams that went through from us to the War Office through their Department. The only time we went to them to assist us in getting further contracts was by Sir Robert Borden or General Hughes urging for further contracts and backing up the cables we had sent ourselves.

[Sir Alexander Bertram.]

Sir WILLIAM MEREDITH: Mr. Johnston?

Mr. JOHNSTON: No questions.

Sir WILLIAM MEREDITH: Mr. Carvell.

Mr. CARVELL: I have nothing to ask.

Sir WILLIAM MEREDITH: Anybody else, Mr. Nesbitt?

*By Mr. Nesbitt:*

Q. Did you ever use the expression, "Foxy Allison"?—A. No, I do not remember it at all.

Q. Did you ever think of such a thing?—A. No, there were conversations going on; I cannot remember at all. I do not see how I could use the expression.

Q. Had Colonel Allison anything to do about the contracts?—A. No, not at all.

Sir WILLIAM MEREDITH: Could this have happened as you have had asked Mr. Allison, and he was negotiating—could his name have been mentioned in connection with that?—A. I have not any doubt about that at all, of his connection with other manufacturers. I think that Mr. Lloyd Harris was negotiating with people in the United States to make the component parts of the fuse, and I have no doubt that names were mentioned of contractors and people who could give him information and so forth. I would not deny that at all, it may have been done.

Hon. Mr. DUFF: Colonel Allison may have been mentioned?—A. As one who could give him information.

Q. And who was concerned in getting American manufacturers.—A. I might say that Lloyd Harris was a particular friend of mine, and I was anxious that they should take this work up, but it came to the time when the business was so urgent that his propositions that were put up to me, I could not pass at all as a business man. I could give no man a contract for ten or eleven million dollars of work on the propositions that they had to put up at that time.

DAVID CARNEGIE, recalled and examined.

*By Mr. Hellmuth:*

Q. You were asked to furnish statistics of the amount of business that had been transacted in the way of orders, without going into details, from September, 1914, to May 31, 1915. Is that a summary of the business?—A. Yes, sir.

Q. I may just show this to the Commission.

Mr. CARVELL: Pardon me a moment. Does this take in a list of all the contracts for shells and parts thereof?

Mr. HELLMUTH: Everything.

Mr. CARVELL: Is it not opening up a question?

Mr. HELLMUTH: It is only the amount of business done.

Hon. Mr. DUFF: I suggested it, and it seemed to me to be reasonably fair to the Shell Committee that some record—if such a record could be made—of the amount of business they were transacting should be put on the record for the purpose of indicating the extent to which they were pressed in handling the business.

Mr. HELLMUTH: It was in accordance with that—

Hon. Mr. DUFF: Oh, yes.

Mr. CARVELL: Of course, if the Commission asked it, I cannot object.

Hon. Mr. DUFF: I do not mean to suggest that my request, which was made here publicly, was a ruling, but it seemed to me to be relevant and fair.

Mr. CARVELL: I have been using all the endeavours I have been able to for about five months to get into the shell business, and I have been pretty effectually excluded. Now, if this is brought on, it opens up something which we would have a right to follow.

## SHELL CONTRACTS COMMISSION

Sir WILLIAM MEREDITH: This is simply what he might give by word of mouth, as to the volume of business they transacted. There is nothing here of the details.

Mr. CARVELL: If the Commission ask it, I am powerless.

Sir WILLIAM MEREDITH: I am of the opinion that it is proper evidence and is competent to be received.

Mr. HELLMUTH (reads):—

## STATISTICS FOR ROYAL COMMISSIONERS.

(1) Value of orders received from War Office from September, 1914, to May 31, 1915.. . . . .	\$170,261,430 00	
(2) Value of orders received from War Office during April and May, 1915, only.. . . . .	102,001,430 00	
(3) Value of official orders placed with manufacturers by the Shell Committee during period September, 1914, to May 31, 1915.. . . . .	93,385,017 00	
(4) Value of orders placed during April and May, 1915, only (see attached list).. . . . .	40,482,567 59	
(5) Average daily value of official orders issued by Shell Committee, during months April and May, 1915.. . . . .	778,510 91	
(6) Average daily number of official orders issued as above 6.577.		
(7) Factories employed on munitions up to May 31, 1915:—		
33 firms on 15 pounder shrapnel		} Some of these firms were making two or more kinds of shells at the same time.
235 " 18 "		
110 " 18 pounder high explosive		
108 " 4.5 howitzer		
16 " 60 pounder high explosive		
2 " T. N. T.		
(8) Deliveries of munitions and components to Shell Committee up to May 31, 1915.. . . . .	\$ 5,514,670 84	
(9) Value of same during April and May.. . . . .	3,701,361 58	

(Exhibit 339.)

Following is a list of orders placed by the Shell Committee, with manufacturers for the component part of shells during the months of April and May, 1915:—

Order.	Description.	Value.
768	Machining and assembling 4.5.. . . . .	\$ 46,900 00
769	Lead bullets.. . . . .	90,000 00
778	Forgings 4.5.. . . . .	30,000 00
780	Wood boxes.. . . . .	4,750 00
781	Brass discs.. . . . .	260,325 00
782	".. . . . .	120,000 00
783	Primers.. . . . .	52,500 00
784	Machining and assembling.. . . . .	37,500 00
785	Base plates.. . . . .	3,000 00
787	Wood boxes.. . . . .	2,000 00
792	Forgings shrapnel.. . . . .	31,250 00
796	Wood boxes.. . . . .	4,750 00
797	".. . . . .	4,750 00
798	".. . . . .	4,750 00
799	Brass discs.. . . . .	1,045,440 00
800	Machining and assembling 4.5.. . . . .	167,500 00
801	Base plates.. . . . .	10,500 00
802	Machining and assembling 18 Pr. H. E.. . . . .	28,500 00
807	Wood boxes.. . . . .	4,750 00
808	".. . . . .	1,900 00
809	Forgings shrapnel.. . . . .	125,000 00
810	".. . . . .	125,000 00
811	".. . . . .	62,500 00
812	Base plates H. E.. . . . .	30,000 00
815	Machining and assembling H. E.. . . . .	100,000 00
816	Machining and assembling 15 Pr. Shrap.. . . . .	50,000 00
817	Machining and assembling 18 Pr. Shrap.. . . . .	56,250 00
819	Wood boxes.. . . . .	4,750 00
821	Clips 18 Pr.. . . . .	20,000 00

[David Carnegie.]



## SHELL CONTRACTS COMMISSION

1451

Order.	Description.	Value.
826	Sockets 4*5 . . . . .	70,000 00
828	Boxes . . . . .	4,750 00
829	Grub screws . . . . .	1,500 00
830	Tin cups shrapnel . . . . .	7,000 00
831	Primers . . . . .	60,000 00
832	Sockets and plugs . . . . .	160,000 00
832	" . . . . .	100,000 00
833	Brass plugs 4*5 . . . . .	125,000 00
834	Sockets and plugs . . . . .	32,500 00
835	Tin cups shrapnel . . . . .	7,000 00
836	Copper bands . . . . .	211,757 77
837	Sockets and plugs . . . . .	32 500 00
838	" . . . . .	32,500 00
839	" . . . . .	32,500 00
840	" . . . . .	130,000 00
841	" . . . . .	32,500 00
842	" . . . . .	97,500 00
843	" . . . . .	195,000 00
844	" . . . . .	65,000 00
845	" . . . . .	65,000 00
846	" . . . . .	32,500 00
847	" . . . . .	65,000 00
851	Sockets 4*5 . . . . .	35,000 00
852	" . . . . .	35,000 00
853	" . . . . .	700 00
854	" . . . . .	35,000 00
856	" . . . . .	35,000 00
857	" . . . . .	70,000 00
859	Plugs 18 Pr. H.E. . . . .	25,000 00
860	" . . . . .	25,000 00
861	" . . . . .	25,000 00
862	" . . . . .	25,000 00
863	" . . . . .	12,500 00
864	Brass Plug 18 Pr. 4*5 . . . . .	25,000 00
865	" . . . . .	50,000 00
866	" . . . . .	25,000 00
867	" . . . . .	25,000 00
868	" . . . . .	25,000 00
869	" . . . . .	25,000 00
884	Steel discs . . . . .	40,000 00
885	" . . . . .	40,000 00
886	" . . . . .	10,000 00
887	" . . . . .	20,000 00
888	" . . . . .	20,000 00
889	" . . . . .	20,000 00
890	Primers . . . . .	70,000 00
891	" . . . . .	70,000 00
893	" . . . . .	70,000 00
894	" . . . . .	70,000 00
895	" . . . . .	35,000 00
896	" . . . . .	70,000 00
897	" . . . . .	35,000 00
898	" . . . . .	70,000 00
899	Tin cups shrapnel . . . . .	7,000 00
900	Boxes . . . . .	4,750 00
901	Clips 18 Pounder . . . . .	80,000 00
902	Tin cups . . . . .	7,000 00
903	Machining and Assembling 18 Pr. H.E. . . . .	29,750 00
904	" . . . . .	119,000 00
905	" . . . . .	168,500 00
906	" . . . . .	59,500 00
907	" . . . . .	238,000 00
908	" . . . . .	89,250 00
909	" . . . . .	595,000 00
910	" . . . . .	119,000 00
911	Tin cups shrapnel . . . . .	7,000 00
912	" . . . . .	7,000 00
913	" . . . . .	7,000 00
914	" . . . . .	7,000 00
915	Grub screws . . . . .	1,500 00
916	" . . . . .	1,500 00
917	" . . . . .	1,500 00
918	" . . . . .	1,500 00
919	" . . . . .	1,500 00
920	" . . . . .	1,500 00
921	" . . . . .	1,500 00

SHELL CONTRACTS COMMISSION

Order.	Description.	Value.
922	Grub screws.. . . . .	1,500 00
923	Clips .. . . . .	20,000 00
924	" .. . . . .	20,000 00
925	" .. . . . .	20,000 00
926	" .. . . . .	40,000 00
927	" .. . . . .	20,000 00
928	" .. . . . .	40,000 00
929	" .. . . . .	21,000 00
930	" .. . . . .	20,000 00
931	" .. . . . .	40,000 00
932	" .. . . . .	20,000 00
933	" .. . . . .	40,000 00
934	" .. . . . .	70,000 00
935	Primers .. . . . .	70,000 00
936	" .. . . . .	70,000 00
937	" .. . . . .	70,000 00
938	" .. . . . .	35,000 00
939	" .. . . . .	70,000 00
940	" .. . . . .	35,000 00
941	" .. . . . .	70,000 00
942	" .. . . . .	70,000 00
943	" .. . . . .	70,000 00
944	" .. . . . .	70,000 00
946	" .. . . . .	35,000 00
947	" .. . . . .	70,000 00
948	" .. . . . .	35,000 00
949	" .. . . . .	70,000 00
950	" .. . . . .	25,000 00
952	4 round boxes .. . . . .	31,500 00
953	Brass tubes .. . . . .	78 750 00
954	" .. . . . .	78 750 00
955	" .. . . . .	39,375 00
956	" .. . . . .	31,500 00
957	" .. . . . .	14,000 00
964	Sockets 4'5 .. . . . .	195,000 00
965	Bullets .. . . . .	195,000 00
966	" .. . . . .	195,000 00
967	" .. . . . .	215,000 00
968	" .. . . . .	215,000 00
969	Lead bullets .. . . . .	195,000 00
970	" .. . . . .	45,000 00
972	Brass sockets .. . . . .	125,000 00
977	Forgings shrapnel .. . . . .	62,500 00
978	" .. . . . .	125,000 00
979	" .. . . . .	62,500 00
980	" .. . . . .	4,750 00
981	6 round boxes .. . . . .	12 500 00
987	Brass plugs .. . . . .	4,750 00
994	6 round boxes .. . . . .	30,000 00
995	Base plates 4'5 .. . . . .	30,000 00
996	" .. . . . .	30,000 00
997	" .. . . . .	45,000 00
998	" .. . . . .	45,000 00
999	" .. . . . .	37,500 00
1000	" .. . . . .	30,000 00
1001	" .. . . . .	30,000 00
1002	" .. . . . .	30,000 00
1003	" .. . . . .	30,000 00
1004	" .. . . . .	30,000 00
1005	" .. . . . .	30,000 00
1006	" .. . . . .	30,000 00
1007	" .. . . . .	30,000 00
1008	" .. . . . .	60,000 00
1009	Forgings 4'5 .. . . . .	400,000 00
1010	Forgings 18 Pr. Shrapnel .. . . . .	500,000 00
1911	Blanks 18 Pr. H.E. .. . . . .	1,000,000 00
1013	Machining and assembling 18 Pr. Shrap .. . . . .	315,000 00
1014	" .. . . . .	47,250 00
1015	" .. . . . .	157,500 00
1016	" .. . . . .	315,000 00
1017	" .. . . . .	236,250 00
1018	" .. . . . .	630,000 00
1019	" .. . . . .	157,500 00
1020	" .. . . . .	472,500 00
1021	" .. . . . .	283,500 00

[David Carnegie.]

SHELL CONTRACTS COMMISSION

1453

Order.	Description.	Value.
1022	Machining and assembling 18 Pr. Shrap. . . . .	157,500 00
1023	" " " " " " " " " " " "	78,750 00
1024	" " " " " " " " " " " "	78,750 00
1025	" " " " " " " " " " " "	63,000 00
1026	" " " " " " " " " " " "	157,500 00
1027	" " " " " " " " " " " "	31,500 00
1028	" " " " " " " " " " " "	253,544 40
1029	" " " " " " " " " " " "	31,500 00
1030	" " " " " " " " " " " "	157,500 00
1031	" " " " " " " " " " " "	47,250 00
1032	" " " " " " " " " " " "	31,500 00
1033	" " " " " " " " " " " "	55,500 00
1034	" " " " " " " " " " " "	63,000 00
1035	" " " " " " " " " " " "	157,500 00
1036	" " " " " " " " " " " "	47,250 00
1037	" " " " " " " " " " " "	63,000 00
1038	" " " " " " " " " " " "	78,750 00
1039	" " " " " " " " " " " "	63,000 00
1040	" " " " " " " " " " " "	110,250 00
1041	" " " " " " " " " " " "	63,000 00
1042	" " " " " " " " " " " "	63,000 00
1043	" " " " " " " " " " " "	31,500 00
1044	" " " " " " " " " " " "	31,500 00
1045	" " " " " " " " " " " "	63,000 00
1046	" " " " " " " " " " " "	60,000 00
1047	" " " " " " " " " " " "	173,750 00
1048	" " " " " " " " " " " "	347,500 00
1049	" " " " " " " " " " " "	173,750 00
1053	" " " " " " " " " " " "	69,500 00
1054	" " " " " " " " " " " "	139,000 00
1055	" " " " " " " " " " " "	274,980 00
1057	" " " " " " " " " " " "	69,500 00
1058	" " " " " " " " " " " "	104,250 00
1059	" " " " " " " " " " " "	118,750 00
1060	" " " " " " " " " " " "	69,500 00
1062	" " " " " " " " " " " "	20,000 00
1064	" " " " " " " " " " " "	60,000 00
1065	" " " " " " " " " " " "	400,000 00
1066	" " " " " " " " " " " "	400,000 00
1067	" " " " " " " " " " " "	75,000 00
1068	" " " " " " " " " " " "	100,000 00
1069	" " " " " " " " " " " "	1,200,000 00
1071	" " " " " " " " " " " "	80,000 00
1072	" " " " " " " " " " " "	80,000 00
1073	" " " " " " " " " " " "	40,000 00
1074	" " " " " " " " " " " "	40,000 00
1075	" " " " " " " " " " " "	80,000 00
1076	" " " " " " " " " " " "	40,000 00
1077	" " " " " " " " " " " "	80,000 00
1078	" " " " " " " " " " " "	200,000 00
1079	" " " " " " " " " " " "	180,652 00
1080	" " " " " " " " " " " "	400,000 00
1081	" " " " " " " " " " " "	100,000 00
1082	" " " " " " " " " " " "	318,750 00
1083	" " " " " " " " " " " "	80,000 00
1085	" " " " " " " " " " " "	50,000 00
1086	" " " " " " " " " " " "	190,000 00
1087	" " " " " " " " " " " "	120,000 00
1088	Machining and assembling 4.5. . . . .	90,000 00
1089	" " " " " " " " " " " "	120,000 00
1090	" " " " " " " " " " " "	150,000 00
1091	" " " " " " " " " " " "	222,000 00
1093	" " " " " " " " " " " "	120,000 00
1094	" " " " " " " " " " " "	300,000 00
1095	" " " " " " " " " " " "	90,000 00
1096	" " " " " " " " " " " "	150,000 00
1097	" " " " " " " " " " " "	200,000 00
1098	" " " " " " " " " " " "	90,000 00
1099	" " " " " " " " " " " "	120,000 00
1100	" " " " " " " " " " " "	105,884 00
1101	" " " " " " " " " " " "	120,000 00
1102	" " " " " " " " " " " "	120,000 00
1104	" " " " " " " " " " " "	140,000 00
1107	" " " " " " " " " " " "	150,000 00
1108	" " " " " " " " " " " "	150,000 00
1109	" " " " " " " " " " " "	270,000 00

SHELL CONTRACTS COMMISSION

Order.	Description.	Value.
1110	Machining and assembling 4'5... ..\$	300,000 00
1111	" " " " " " " "	120,000 00
1112	" " " " " " " "	120,000 00
1113	" " " " " " " "	240,000 00
1114	" " " " " " " "	120,000 00
1115	" " " " " " " "	48,000 00
1116	" " " " " " " "	726,000 00
1117	" " " " " " " "	300,000 00
1118	" " " " " " " "	120,000 00
1119	" " " " " " " "	223,750 00
1120	" " " " " " " "	90,000 00
1121	" " " " " " " "	180,000 00
1122	" " " " " " " "	120,000 00
1123	" " " " " " " "	240,000 00
1124	" " " " " " " "	300,000 00
1125	" " " " " " " "	120,000 00
1126	" " " " " " " "	120,000 00
1127	" " " " " " " "	120,000 00
1128	" " " " " " " "	240,000 00
1129	" " " " " " " "	60,000 00
1130	" " " " " " " "	120,000 00
1131	" " " " " " " "	300,000 00
1132	" " " " " " " "	45,924 00
1133	" " " " " " " "	210,000 00
1134	" " " " " " " "	120,000 00
1135	" " " " " " " "	150,000 00
1137	" " " " " " " "	226,868 00
1138	" " " " " " " "	474,000 00
1139	Machining and assembling 18 Pr. H. E.	40,000 00
1140	Forgings shrapnel. . . . .	125,000 00
1142	" 4'5. . . . .	200,000 00
1143	" 60 pounder. . . . .	225,000 00
1144	" and blanks 4'5. . . . .	295,000 00
1146	Machining and assembling 4'5. . . . .	300,000 00
1147	" " 18 Pr. H. E. . . . .	100,000 00
1148	6 round boxes. . . . .	4,750 00
1149	" " " " " " " "	4,750 00
1150	" " " " " " " "	4,750 00
1151	" " " " " " " "	4,750 00
1152	Cordite boxes. . . . .	875 00
1153	C. case boxes. . . . .	2,900 00
1156	6 round boxes. . . . .	4,750 00
1163	" " " " " " " "	4,750 00
1164	" " " " " " " "	4,750 00
1165	" " " " " " " "	4,750 00
1166	" " " " " " " "	4,750 00
1167	Sockets 4'5. . . . .	25,000 00
1168	Forgings 18 Pr. Shrapnel. . . . .	145,000 00
1169	6 round boxes. . . . .	4,750 00
1170	" " " " " " " "	4,750 00
1171	" " " " " " " "	4,750 00
1172	Forgings 4'5. . . . .	300,000 00
1173	" 60 pounder. . . . .	112,500 00
1174	" 18 pounder. . . . .	312,500 00
1175	Blanks 4'5. . . . .	425,000 00
1176	" 18 pounder H. E. . . . .	666,666 00
1177	" " " " " " " "	200,000 00
1178	Primers. . . . .	35,000 00
1179	Sockets 4'5. . . . .	46,666 20
1180	Blanks 4'5. . . . .	29,802 00
1183	6 round boxes. . . . .	4,750 00
1184	Copper bands 18 Pr. H. E. . . . .	187,324 22
1185	Forgings 18 Pr. Shrapnel. . . . .	125,000 00
1186	Forgings 18 Pounder Shrapnel. . . . .	500,000 00
1187	" " " " " " " "	187,500 00
1188	Forgings 4.5 Howitzer. . . . .	200,000 00
1189	" " " " " " " "	600,000 00
1190	" " " " " " " "	400,000 00
1191	" " " " " " " "	200,000 00
1192	" " " " " " " "	300,000 00
1194	Forgings 60 Pounder. . . . .	112,500 00
1196	Blanks 4.5. . . . .	787,500 00
1197	" " " " " " " "	450,000 00
1198	" " " " " " " "	450,000 00
1199	" " " " " " " "	112,500 00

[David Carnegie.]

## SHELL CONTRACTS COMMISSION

1455

Order.	Description.	Value.
1200	Blanks 4'5.	\$ 107,500 00
1201	Blanks 60 Pounder.	162,500 00
1202	4 Round Boxes.	25,000 00
1203	Blanks 60 Pounder.	487,500 00
1204	"	162,500 00
1205	4 Round Boxes.	12,500 00
1207	6 "	9,500 00
1208	6 "	33,334 00
1209	18 Pr. Sockets and Plugs.	60,000 00
1210	6 Round Boxes.	19,000 00
1211	Tin Cups.	3,500 00
		\$40,482,567 59

Total number of orders, 342.

Making an average value of contracts awarded per day during April and May, 1915, of;— \$778,510 91

## STATISTICAL DEPARTMENT.

Mr. HELLMUTH: I have been furnished here with a number of documents I am going to put in in order.

Q. You have, I believe, found some notes made by you or extended of a meeting held in the office of the Shell Committee, Montreal, April 26, 1915?—A. Yes, sir.

Q. And in whose handwriting are those pencil notes?—A. My handwriting.

Q. When was that meeting?—A. I cannot say.

Q. Was it made recently?—A. No, sir, just about the time.

Mr. HELLMUTH: I will put this in:—

*“ Meeting held in office of the Shell Committee.  
Montreal, April 26, 1915.*

“Dr. Harris.—The organization that will manufacture the British fuse No. 80 Mark V, will be composed of the following plants:—

American Machine & Foundry Co., Brooklyn, N.Y.,

Yale & Towne Mfg. Co., Conn., also branch at St. Catharines, Ont. (Not to manufacture.)

The Keystone Watch Case Co., Philadelphia, Pa.

Mr. C. B. Lord represents six manufacturing plants, The Wagner Electric Mfg. Co., R. Hoe & Co., New York, and another firm.”

(Output.)

“American Machine & Foundry Co., output..... 15,000 per day.

Yale & Towne Mfg. Co., output.....12,000 to 15,000 “

The Wagner Electric Mfg. Co., output..... 12,000 “

Keystone Watch Case Co., output..... 3,000 “

Pittsburg firm, output..... 12,000 “

---

54,000

(Contract with)

“The name of the firm is ‘Standard Asbestos & Fuse Co., Limited, Toronto.’

“(Q) Mr. Carnegie: When do you hope to commence delivery?

“(A) Dr. Harris: Aluminium parts can be produced within three weeks.

Can get 40,000 aluminium parts produced per day by these people. This is guaranteed.”

(Makers). The Aluminum Castings Co., of Cleveland, subsidiary of the Aluminum Co., of America, the people who produce all the aluminium.

Start delivery within four months, and complete entire five million within one year. (Memo. This clause is struck out in pencil.) Four months from now start delivery at the rate of 5,000 per day to start, gradually working up to 50,000, completing the whole in one year.

"Mr. Harris: Every fuse will be insured by the company.

"Mr. Carnegie: The understanding is that the contractors be paid two-thirds of the price of the fuse on certificate from the inspectors that the mechanical parts of the fuse have been assembled and proved satisfactory without loading, and that the remainder of the price be paid on certificate of the firing and final proof of the inspector.

To be tested before going to loading plant, and that is the time they get their (1st) certificate.

To be paid for when shipped to the Shell Committee, account the DuPont Powder Company.

Two-thirds of the fuse on completion of the total mechanical parts of the fuse, assembled and passed by inspector, but not loaded.

DuPont people will charge 50 per cent on accepting order, 20 per cent when powder goes into drying, and balance on completion.

Price: \$4.50 for the No. 80/44 f.o.b., duty to be arranged.

"Dr. Harris: Will use our best endeavours to establish a fuse factory in Canada.

Have secured the entire output of the Aluminum Castings Co., which is subsidiary of the Aluminum Co. of America, which makes all the aluminium on this side.

The Aluminum Castings Co. have stated that they will produce 40,000 a day, and guarantee to begin deliveries within three weeks."

The following memorandum appears in pencil and is scratched out: "Must start manufacturing fuses in Canada after making."

(Marked Exhibit No. 340.)

Mr. HELLMUTH: I see you have in pencil "Not to manufacture" after the words "Yale and Towne Mfg. Co., Stanford, Conn., also branch at St. Catharines, Ont."—do you know what that means; is it that the St. Catharines were not to manufacture?—A. Yes, that branch of that company would not manufacture.

Q. (Mr. Hellmuth reads first paragraph of Exhibit 340 down to and including the words "R. Hoe & Co., New York, and another firm.") Was this information obtained from Dr. Harris at that time?—A. Yes, sir; these are notes of the conference we held on the 26th, dictated.

Q. Then you have in pencil the word "Outputs." Then you have "American Machine and Foundry Co. (reads paragraph of output in Exhibit 340.) Then it is added up in pencil to 54,000 per day?—A. Yes, sir, these are the computations at the time.

Q. The next thing in pencil on the outside is "Contract with" (Reads beginning with "the name of the firm is Standard Asbestos & Fuse Co., Limited, Toronto," down to words "start delivery within four months, and complete entire five million within one year" was that struck out by you at the time?—A. Yes, sir.

Q. (Reads, beginning with "Four months from now start delivery at rate of \$5,000 per day" etc. down to the words "begin deliveries within three weeks.")

Then something is struck out here; I cannot make it out; will you read it?—A. "Must start manufacturing fuses in Canada after making," and I stuck fast there, I do not know, after making something.

Q. And then that was struck out?—A. Yes.

Q. Can you tell me whether this "Exhibit 340" was made at that time?—A. Yes sir, it was made either on the day of the 26th or the following day; I presume it was on the afternoon when they had gone.

Q. I see that on page 53 of the evidence are paragraphs of a contract, and you produce this copy of a letter to Mr. Patterson of the 29th April, 1915:

[David Carnegie.]

"Mr. Patterson,  
200 Fifth Avenue,  
New York City.

"DEAR SIR,—We enclose herewith suggested paragraphs which we propose to embody in contract form between your company and the Shell Committee.

"I think, they cover the ground discussed by us with Dr. Harris, Mr. Hoyte and yourself. We are having them embodied in legal form.

"DC/O'N"

Yours very truly,"

(Marked as Exhibit No. 341.)

Q. You found that letter?—A. Yes, sir.

Q. I see that was dictated by yourself?—A. Yes, sir.

Q. And the enclosure I understand is Exhibit 50 on page 53; these are the suggested paragraphs?—A. Yes.

Q. Then you have a letter here of April 30th to Stewart and Stewart from the Shell Committee; this is the original which we have obtained from Stewart & Stewart. It is signed by Alexander Bertram, and there is evidently a mistake if I may point out in the letter in the typewriting; the words "notice of contract" should be "notes of contract"?—A. Yes.

This was sent the very next day?—A. Yes.

Q. You initialled that; that has "DC" on it?—A. That is right, sir.  
"D.C./O'N."

Q. (Reads):—

"SHELL COMMITTEE,

MONTREAL, April 30, 1915.

Messrs. STEWART & STEWART,  
160 James Street,  
Montreal.

Gentlemen,—With reference to the visit of your Mr. Stewart we now have pleasure in enclosing the notice of contract, which we should be glad if you would kindly put into shape.

We are,

Yours very truly,

SHELL COMMITTEE,

ALEX. BERTRAM, *Chairman.*

DC/MC."

(Marked as Exhibit No. 342.)

And those notes are Exhibit 50, the same suggested paragraphs?—A. Yes.

Sir WILLIAM MEREDITH: Who are Stewart & Stewart?—A. We called them in to draw up the contract from the rough memorandum that we sent to them. They are advocates in Montreal.

Mr. HELLMUTH: And the Shell Committee were then in Montreal?—A. Yes.

Q. They were the solicitors acting for the Shell Committee?—A. On that work only.

Q. On May 1st Messrs Stewart & Stewart write back this letter to the Shell Committee—and we get this too from Stewart & Stewart:—

" May 1, 1915.

Shell Committee,  
Drummond Building,  
Montreal.

Re *Contract for Fuses.*

Gentlemen,—We are enclosing herewith draft of contract which we think covers the necessary points.

Kindly advise us of any alterations you wish made and oblige,  
Yours faithfully,

Encl."

(Attached to Exhibit No. 343.)

Mr. EWART: That is in already.

Mr. HELLMUTH: I do not think so.

Mr. EWART: Page 52.

Mr. HELLMUTH: I will attach the letter to the contract. The contract is not in which they enclosed.

Mr. EWART: Yes, the suggested paragraphs.

Mr. HELLMUTH: This is not suggested paragraphs, this is a definite contract; do you say this contract is in?

Mr. EWART: No, that is not in, but the letter is.

Mr. HELLMUTH: Mr. Stewart has pointed out to me this letter went in with the suggested paragraphs, whereas as a matter of fact the suggested paragraphs were sent to Stewart & Stewart, and they built up a contract upon them. I am putting the letter in now with the draft contract. That draft actually has the price in:—

MEMORANDUM OF AGREEMENT made in duplicate this day of May, 1915.

BETWEEN

The Standard Asbestos & Fuse Company Limited, a body politic and corporate, having its head office at the City of Toronto in the Province of Ontario, hereinafter called the 'Company' and herein acting by its President and its Secretary, hereunto duly authorized:

Of the First Part

AND

Brigadier-General Alexander Bertram, of the City of Montreal, hereinafter called the 'Purchaser';

Of the Second Part.

Whereas the Company is a manufacturer of and dealer in fuses; and Whereas the Purchaser is desirous of purchasing fuses from the Company on terms which have been agreed upon.

Now therefore this Agreement Witnesseth:—

1. The Company agrees to sell and the Purchaser to purchase five million (5,000,000) fuses of at least two different designs to be in accordance with the drawings and specifications to be furnished by the Purchaser, namely, Drawing No. , and Specification No. , which drawings and specifications shall form part of this agreement.

2. The price of said fuses shall be four dollars and fifty cents (\$4.50) per fuse, complete with cover and tin packing case as per above mentioned drawings and specifications, all fuses to be packed and delivered f.o.b. railway at the Company's or its sub-contractor's works.

[David Carnegie.]



3. The Company shall commence to make deliveries of fuses under this agreement within four months from the date of the receipt of said drawings and specifications at the rate of at least five thousand fuses per day and increase said deliveries to thirty thousand per day within six months from date of receipt of said drawings and specifications, the total of five million fuses to be delivered within one year from the date of this agreement.

4. The Company shall manufacture or have manufactured in Canada a portion of said total of five million fuses and shall make deliveries of said Canadian manufactured fuses at the rate of at least one thousand per day during the sixth month from the receipt of said drawings and specifications and shall increase said rate to two thousand, three thousand and five thousand per day during the seventh, eighth and ninth months respectively.

5. The Purchaser shall under the direction of the Chief Inspector of Arms and Ammunition provide for the examination and inspection of the fuses at the factories where same are manufactured and loaded.

The said fuses shall be proved by the Chief Inspector of Arms and Ammunition at Quebec or at such other place or places as may be designated by him.

6. The decision of the Chief Inspector of Arms and Ammunition and his inspectors regarding the acceptance or rejection of any fuse or part thereof shall be final and binding between the parties hereto.

7. All duty, freight, cartage and other charges of a like nature paid by the Purchaser on rejected fuses shall be reimbursed to him by the Company.

8. The Purchaser shall pay the Company for said fuses as and when he shall have received triplicate invoices for same properly numbered, together with the certificate of the Chief Inspector of Arms and Ammunition certifying that the fuses covered by said invoices have been accepted.

9. The Purchaser shall make an advance payment to the Company equal to two-thirds of the price of the finished fuse on the completion of the mechanical parts of the fuses and their delivery to the loading contractor's factory or factories. Such advance payment shall be made on a number not exceeding one million fuses under the whole contract and shall not at any time exceed the sum of \_\_\_\_\_ dollars.

The above advance payment is made for the purpose of aiding the Company to finance this contract and shall not in any way constitute an acceptance of said fuses or their part by the Purchaser.

10. The Purchaser shall have the right of cancelling this agreement if after five months from receipt of drawings and specifications of fuses, deliveries of same by the Company have not been made at the rate stipulated therein. An allowance however will be made to the Company for time lost through strikes or acts beyond human control.

11. It is understood that the recognized standard or current rate of wages of the district shall be paid for all classes of labour employed in the manufacture of any part or parts of said fuses.

12. This agreement is entered into by the Purchaser on the understanding that the Company in executing the terms and conditions of same, shall not knowingly interfere with existing contracts of the British War Office or the Allies.

13. The Company further agrees to furnish the Purchaser with a bond of \_\_\_\_\_ dollars of a Guarantee Company approved by the Purchaser to insure the repayment of the amount advanced to it on the fuses, and the due performance of its obligations under this agreement.

IN WITNESS WHEREOF the Parties hereto have duly executed this agreement.

(Marked Exhibit No. 343).

## SHELL CONTRACTS COMMISSION

On page 83 a letter is in, Exhibit 75, to Bassick, of which the original is here now, May 25th, 1915. It says: "We enclose herewith copy of contract form giving details upon which the orders for fuses are placed." I have now copy of contract form which was not put in then, which accompanied Exhibit 75. I do not think I need put in the original letter.

Sir WILLIAM MEREDITH: They can be fastened together. It shows the connection.

Mr. HELLMUTH: Very well.

"MEMORANDUM OF AGREEMENT made in duplicate this day of  
May, 1915:

BETWEEN

The a body  
politic and corporate, having its head office at  
hereinafter called the "Company" and herein acting by its  
President and its Secretary, hereunto duly authorized.

Of the First Part.

AND

Brigadier-General Alexander Bertram, of the City of Ottawa, hereinafter called the "Purchaser".

Of the Second Part.

WHEREAS the Company is prepared to manufacture fuses;  
And WHEREAS the Purchaser is desirous of purchasing fuses from the Company on terms which have been agreed upon.  
NOW THEREFORE THIS AGREEMENT WITNESSETH:

1. The Company agrees to sell and the Purchaser to purchase fuses of at least two different designs to be in accordance with the drawings and specifications to be furnished by the Purchaser, namely, Drawing No.... and Specification No.... which drawings and specifications shall form part of this agreement.
2. The prices of said fuses shall be four dollars and twenty-five cents (\$4.25) per fuse, complete with cover and tin packing case as per above mentioned drawings and specifications, all fuses to be packed and delivered f.o.b. railway at the Company's or its sub-contractor's works.
3. The Company shall commence to make deliveries of fuses under this agreement within four months from the date of the receipt of said drawings and specifications at the rate of at least five thousand fuses per day and increase said deliveries to twenty-five thousand per day within six months from date of receipt of said drawings and specifications, the total of..... fuses to be delivered by the 31st of March, 1916.
4. The Purchaser shall under the direction of the Chief Inspector of Arms and Ammunition provide for the examination and the inspection of the fuses at the factories where same are manufactured and loaded.  
The said fuses shall be proved by the Chief Inspector of Arms and Ammunition at Quebec or at any such other place or places as may be designated by him.
5. The decision of the Chief Inspector of Arms and Ammunition and his inspectors regarding the acceptance or rejection of any fuse or part thereof shall be final and binding between the parties hereto.
6. All duty, freight, cartage and other charges of a like nature paid by the Purchaser on rejected fuses shall be reimbursed to him by the Company.
7. The Purchaser shall pay the Company for said fuses as and when he shall have received triplicate invoices for same properly numbered, together with the certificate of the Chief Inspector of Arms and Ammunition certifying that the fuses covered by said invoices have been accepted.

[David Carnegie.]

8. The Purchaser shall make an advance payment to the Company equal to of the price of the finished fuse on the completion of the mechanical parts of the fuses and their delivery to the loading contractor's factory or factories. Such advance payment shall be made on a number not exceeding one million fuses under the whole contract and shall not at any time exceed the sum of dollars.

The above advance payment is made for the purpose of aiding the company to finance this contract and shall not in any way constitute an acceptance of said fuses or their parts by the Purchaser.

9. The Purchaser shall have the right of cancelling the agreement if after five months from receipt of drawings and specifications of fuses deliveries of same by the Company have not been made at the rate stipulated therein, an allowance however will be made to the Company for time lost through strikes or acts beyond human control.

10. This agreement is entered into by the Purchaser on the understanding that the Company in executing the terms and conditions of same, shall not knowingly interfere with existing contracts of the British War Office or the Allies.

11. The Company further agrees to furnish the Purchaser with a bond of dollars of a Guarantee Company approved by the Purchaser to insure the repayment of the amount advanced to it on the fuses, and the due performance of its obligations under this agreement.

In Witness Whereof, the parties hereto have duly executed this agreement.  
(Marked Exhibit 344.)

Q. Can you tell me where this draft I have here came from?—A. Was it not attached to a letter?

Q. Yes, this is what it was fastened to?—A. That came from Mr. Watts.

Sir WILLIAM MEREDITH: Are those the suggestions of Mr. Watts?—A. That is a draft upon which he prepared those suggestions.

Mr. HELLMUTH: Then that would be the draft of the meeting of the 4th June?—A. Yes.

Sir WILLIAM MEREDITH: What do you call that?

Mr. HELLMUTH: Draft before the meeting of the Shell Committee.

Sir WILLIAM MEREDITH: Is that draft the suggestion of Colonel Watts?

Mr. HELLMUTH: No, this is a draft on which Colonel Watts made his suggestion. It is as follows:—

MEMORANDUM of Agreement made in duplicate this day of June, 1915.

Between

the

its head office at

and herein acting by

its secretary, hereunto duly authorized,

, a body politic and corporate, having  
, hereinafter called the "Company"  
its president and

Of the first part.

AND

Brigadier-General Alexander Bertram, of the city of Ottawa, hereinafter called the "Purchaser" on behalf of the "Shell Committee," of the Stephen Building, Ottawa,

Of the second part.

Whereas the company is prepared to manufacture fuses;

And whereas the Purchaser is desirous of purchasing fuses from the Company on the terms which have been agreed upon.

## SHELL CONTRACTS COMMISSION

Now therefore this Agreement Witnesseth.

1. The Company agrees to sell and the Purchaser to purchase two and one-half million (2,500,000) fuses of at least two different designs to be in accordance with the drawings and specifications to be furnished by the Purchaser, namely, drawings Nos. \_\_\_\_\_ and specifications Nos. \_\_\_\_\_, which drawings and specifications shall form part of this Agreement.

2. The price of said fuses shall be four dollars and fifty cents (\$4.50) per fuse, complete with cover. Designs and specifications as per above-mentioned drawings and specifications, all fuses to be packed securely in wooden boxes and delivered f.o.b. railway at the company's or its sub-contractor's works.

3. The Company shall commence to make deliveries of fuses under this agreement within five months from the date of the receipt of said drawings and specifications at the rate of at least five thousand fuses per day and increase said deliveries to twenty thousand per day within six months from date of receipt of said drawings and specifications, the total of two and one-half million fuses (2,500,000) to be delivered by the (31st of March, 1916).

4. The Purchaser shall under the direction of the Chief Inspector of Arms and Ammunition provide for the examination and the inspection of the fuses at the factories where same are manufactured and loaded.

The said fuses shall be proved by the Chief Inspector of Arms and Ammunition at Quebec or at any such other place or places as may be designated by him.

5. The decision of the Chief Inspector of Arms and Ammunition and his inspectors regarding the acceptance or rejection of any fuse or part thereof shall be final and binding between the parties hereto.

6. All duty, freight, cartage and other charges of a like nature paid by the Purchaser on rejected fuses shall be re-imbursed to him by the Company.

7. The Purchaser shall pay the Company for said fuses as and when he shall have received triplicate invoices for same properly numbered, together with the certificate of the Chief Inspector of Arms and Ammunition (on his reporting) certifying that the fuses covered by said invoices have been accepted.

8. The purchaser shall make and advance payment of 15 per cent of the total amount of the purchase price to the banker of the company (approved by the purchaser) at the following rates and periods.

1. 10 per cent on signing the contract.

2. The remaining 5 per cent to be paid in monthly installments, over

a period of four months from the signing of the contract.

9. The Purchaser shall also make a payment to the Company equal to two-thirds of the price of the finished fuse on the completion and inspection of the mechanical parts of the fuses and their delivery to the loading contractor's factory or factories. Such advance payment shall be made on a number not exceeding one million fuses under the whole contract and shall not at any time exceed the sum of three million dollars (\$3,000,000).

The above advance payment made for the purpose of aiding the Company to finance this contract shall not in any way constitute an acceptance of said fuses or their parts by the Purchaser.

10. The Bank of the company shall by proper instruments on the company's behalf, bind itself to the banking house of the purchaser, that the amount of cash advanced by the purchaser and paid into the bank of the company, will be refunded to the Purchasers' banking house in the event of the non-delivery of the shipments, in payment for which such cash was advanced.

11. When the conditions above stated in paragraphs 8, 9 and 10 are met by the seller the purchaser agrees that the bond covering same may be cancelled.

[David Carnegie.]

12. The Purchaser shall have the right of cancelling this agreement if after six months from receipt of drawings and specifications of fuses, deliveries of same by the company have not been made at the rate stipulated therein. An allowance will be made however to the company for time lost through strikes or acts beyond human control.

13. This agreement is entered into by the purchaser on the understanding that the company in executing the terms and conditions of same, shall not knowingly interfere with existing contracts of the British War Office or the Allies.

14. The fuses are to be packed in wooden boxes each containing fifty (50) fuses, securely held in position to prevent their movement in the boxes during transit. Packing cases to be supplied by the company to design supplied by the purchaser.

In witness whereof the parties hereto have duly executed this agreement.  
(Marked Exhibit No. 345.)

Q. That document was the one at the meeting of the 4th June on which Mr. Watts sent his suggestions?—A. That is right, sir.

Mr. CARVELL: Is that the document enclosed in the letter of May 25?

Mr. HELLMUTH: No, this is the document that was before the Shell Committee on June 4. Colonel Watts, as he told us, wrote out after the meeting suggestions he had to make in regard to it.

In the letter which appears on page 78, a letter to E. W. Bassick, General Bertram says:—

These drawings and specifications will be either for No. 85, No. 80 modified or No. 80-44 fuses, and one or two designs may be desired in connection with this contract.

That was the three million fuse contract, at a minimum price of \$4.25. On page 82 it was amended by cutting the number down to 500,000.

Q. I have here a copy of a letter dated June 7, 1915, which was written to R. L. Patterson, American Ammunition Company, which I will read:—

June 7, 1915.

R. L. PATTERSON, Esq.,  
American Ammunition Co.,  
200—5th Avenue, New York City.

DEAR SIR,—We received to-day a wire from Col. Burney asking if we could procure for him immediately from the Royal Laboratories, plans of plant, machinery, dies and punches for loading time train fuse No. 80 and 84. We wired that it would be impossible to procure such plans in anything like the time necessary for carrying out the work, and we hope that such a request before the contract is signed, will not be used as an argument afterwards for your non-fulfilment of the conditions set forth in the contract, copy of which we enclose herewith.

Q. We have not been able to get that copy. Can you say whether that is the copy that was before the meeting of the 4th of June?—A. That is the only copy that could have been sent in. That was the copy we had before us at that time.

Mr. HELLMUTH: You can imagine, we are sure, that every available man is required in the Arsenal at the present time for regular duties, and we are quite sure that they would not grant such a request.

With the skilled experts you have about you, one would imagine that you would be quite able to make your own plug without much assistance, at any

rate we think that if such assistance were required it should have been asked earlier.

We note that Major Burney signs under the name of the International Arms and Fuse Company, and we shall be glad to have the names of the President and Secretary and also the other members of the firm with whom you wish the contract made, and also a full list of the names and addresses of the companies with whom you propose sub-letting the contract.

Yours very truly,

DC/O'N.

(Marked as Exhibit No. 346.)

WITNESS: I should like to make a correction there. That word "plug" should be "plant". It does not read correctly, as it is.

Q. All right, I will change it. This letter has been found among your papers?—

A. Yes, sir.

Q. You have no doubt you did write such a letter?—A. None whatever.

Q. Do you know how you came to write him in care of the American Ammunition Company?—A. Because at that date we had not the title of the Company.

Q. I see you say in it that Major Burney signs under the name of the International Arms and Fuse Company. So that at least you had not got on to the names of the two companies?—A. No, sir.

Q. Evidently Mr. Watts' suggestions had come in?—A. Yes, sir.

Q. I see on page 655 that you sent a telegram, mentioned in the evidence of Mr. Harris, which was received that day from the Shell Committee, saying that:

"We are amending contract forms and hope to send you copies to-morrow." Was that after Mr. Watt's suggestion?—A. Yes, sir. That was to Dr. Harris.

Q. I suppose Mr. Watts' suggestions were more or less carried out?—A. That was right, and I think we had called Mr. Orde in that day and discussed with him the formal contract that we had forwarded.

Mr. CARVELL: Mr. Hellmuth, have you copies of those draft contracts?

Mr. HELLMUTH: I have not. Those are the only ones I have.

Q. I see that on the 8th of June, 1915, you wrote to the International Arms and Fuse Company a letter:

June 8, 1915.

International Arms and Fuse Co.,  
200—5th Ave.,  
New York, N.Y.

Attention L. R. Patterson, Esq.,

GENTLEMEN,—We enclose herewith two copies of Memorandum of Agreement on the subject of No. 80 and 80/44 fuses. We shall be glad if you will kindly examine same and if satisfactory, sign one copy and return to us for General Bertram's signature.

Yours very truly,

DC/C

(Part of Exhibit No. 347.)

Is that (shows to witness) a copy of what was enclosed?—A. Yes, sir, as far as I know.

Q. It is a full contract. I do not say that it is the same as the actual signed contract, because I have not had an opportunity of examining it. It is a full contract, made between the International Arms and Fuse Company of the First part, and Brigadier General Alexander Bertram, of the Second Part.

Mr. Stewart says it is not exactly the same.

[David Carnegie.]

Hon. Mr. DUFF: Between what parties?

Mr. HELLMUTH: Between the International Arms and Fuse Company and Brigadier General Alexander Bertram.

Hon. Mr. DUFF: Representing—

Mr. HELLMUTH: No, he is called the Purchaser on behalf of the Shell Committee. That was offered afterwards. The fuses I think are identical, 1,666,666 No. 80 Mark V fuses, and 833,334 No. 80/44 fuses. The price is the same. I will put this copy in:—

MEMORANDUM OF AGREEMENT made in duplicate this day of June, 1915.  
June, 1915.

BETWEEN THE INTERNATIONAL ARMS AND FUSE COMPANY, a body politic and corporate having its head office at.....hereinafter called the "Company" and herein acting by..... its President and..... its Secretary, hereunto duly authorized.

OF THE FIRST PART;

AND

BRIGADIER GENERAL ALEXANDER BERTRAM, of the City of Ottawa, hereinafter called the "Purchaser" on behalf of the "Shell Committee" of the Stephen Building, Ottawa,

OF THE SECOND PART.

WHEREAS the Company is prepared to manufacture fuses, AND WHEREAS the Purchaser is desirous of purchasing fuses from the Company on terms which have been agreed upon.

NOW THEREFORE THIS AGREEMENT WITNESSETH:

1. The Company agrees to sell and the Purchaser to purchase, one million, six hundred and sixty-six thousand, six hundred and sixty-six (1,666,666) Number 80 Mark V fuses, and eight hundred and thirty-three thousand, three hundred and thirty-four (833,334) Number 80/44 fuses, to be in accordance with the drawings and specifications to be furnished by the Purchaser, namely, drawings Nos. 20590 (1) three sheets, 20920 (1) and 16603-C, and specifications Nos. L/3406 and L/3280 which drawings and specifications will form part of this agreement. The gages are not to be supplied.
2. The price of said fuses shall be four dollars and fifty cents (\$4.50) per fuse, each design complete with cover, packed securely in wooden boxes, tin lined and delivered f.o.b. at the Company's or its sub-contractor's works, for shipment to shell loading factories designated by the Purchaser.
3. The Company shall commence to make deliveries of fuses under this agreement within five months from the date of the execution of the contract at the rate of at least five thousand fuses per working day on an average and not less than 30,000 per week and increase said deliveries to twenty thousand per day within seven months from date of signing contract, the total of two and one-half million fuses (2,500,000) to be delivered by the 30th of April, 1916.
4. The Purchaser shall under the direction of the Chief Inspector of Arms and Ammunition provide for the reasonable prompt examination and inspection of the fuse parts at the factories where same are manufactured and loaded.  
The said fuses shall be proved by the Chief Inspector of Arms and Ammunition at Quebec or at such other place or places as may be designated by him.
5. The decision of the Chief Inspector of Arms and Ammunition or his deputy Inspectors regarding the acceptance or rejection of any fuse or part thereof shall be final and binding between the parties hereto.

6. The Purchaser shall pay the Company in New York funds for said fuses as and when he shall have received triplicate invoices for same properly numbered, together with the certificate of the Chief Inspector of Arms and Ammunition or his Deputies certifying that the fuses covered by said invoices have been accepted.

7. The Purchaser shall make an advance payment in a New York Bank of 15 per cent of the total amount of the purchase price to the Banker of the Company (approved by the Purchaser) at the following rates and periods.

1. Ten per cent on signing the contract.

2. The remaining 5 per cent to be paid in equal monthly instalments, over a period of four months from the signing of the contract.

8. The said advance payment to be returned to the Purchaser's bank at the rate of 15 per cent upon each and every invoice for fuses as and when paid by the Purchaser.

9. The Purchaser shall also make a payment to the Company equal to two thirds of the price of the finished fuse. On the receipt of certificate from the Chief Inspector of Arms and Ammunition or his Deputies, after the completion and inspection of the mechanical parts of the fuses and their delivery to the loading contractor's factory or factories. Such advance payment shall be made on a number not exceeding the first one million fuses under the whole contract and shall not exceed the sum of three million dollars (\$3,000,000). The above advance payment made for the purpose of aiding the Company to finance this contract shall not in any way constitute an acceptance of said fuses or their parts by the Purchaser.

10. The Bank of the Company shall by proper instruments on the Company's behalf, bind itself to the banking house of the Purchaser, that the total amount of cash advanced by the Purchaser and paid into the bank of the Company, will be refunded to the Purchaser's Banking House in the event of the non-delivery of the shipments, in payment for which such cash was advanced, and further that in the event of the Company failing to complete any part of the contract number of fuzes upon which advance payment has been made, the amount of money advanced in part payment to be refunded by the Company's Bank to the Bank of the Purchaser in respect of any fuses upon which payments have been made by the Purchaser.

The Bank of the Company shall also, on the Company's behalf, pay to the Bank of the Purchaser, interest at the rate of 3 per cent per annum on all moneys advanced to the Company's Bank under clause seven, from the date of the receipt of the money until repaid to the Purchaser's Bank.

11. The Company shall procure and furnish to the Purchaser a Bond in the sum of two million dollars (\$2,000,000) from some Guarantee Company acceptable to the Purchaser, guaranteeing to the Purchaser the due performance by the Company of this Contract and the payment by the Company of all damages which the Purchaser may sustain by reason of any default of the Company.

12. When the conditions above stated in paragraphs 8, 9 and 10 are met by the Seller, the Purchaser agrees that the Bond covering same may be cancelled.

13. The Purchaser, at his option, may cancel this contract any time in respect of any fuses, deliveries whereof shall then be in arrears.

Notwithstanding such cancellation, the Purchaser shall be entitled to recover from the Company such damages as he shall have sustained by reason of the Company's default.

14. This agreement is entered into by the Purchaser on the understanding that the Company, in executing the terms and conditions of same, shall not knowingly interfere with existing contracts of the British War Office or Allies of Great Britain for the purposes of the present European War.

[David Carnegie.]



15. The No. 80/44 fuses are to be packed in tin lined wooden boxes, each containing 40 fuses, or such other number as may be decided by the Purchaser. The same to be securely held in position to prevent their movement in the boxes during transit. Packing cases to be supplied by the Company to designs supplied by the Purchaser.

IN WITNESS WHEREOF the parties hereto have duly executed this agreement.

SIGNED, SEALED AND DELIVERED  
in the presence of

(Filed as Exhibit No. 347.)

Mr. HENDERSON: Isn't that the one Mr. Orde referred to at page 385?

Mr. HELLMUTH: I think we had better have these documents in, anyway. On the 9th of June, I have this letter addressed to Mr. Patterson:—

June 9th.

R. L. Patterson, Esq.,  
International Arms and Fuse Company,  
200-5th Ave., New York City.

Dear Sir:—

With reference to the wires which have passed between your Colonel Birnie and our Ordnance Advisor regarding the supplying of plans of plant, machinery, etc., for the loading of time train for fuze No. 80 and 80/44 for which you are contracting, we wish to point out that we hope this request made just before the signing of the contract, will not be used as an argument afterwards for the non-fulfilment of the conditions set forth in the contract, should you fail to obtain from Woolwich Arsenal the information you now desire.

We suggested to your Dr. Harris over the phone yesterday, that perhaps you would arrange to send one of your expert draughtsmen or foremen to Woolwich Arsenal, who could make sketches of the plant required and see the methods adopted there. If you consider this proposal we shall cable the War Office and ask if they will agree to such facilities being given.

While we see the desirability of your obtaining all the information possible, we know you will understand that at the present time work is at such high pressure in Woolwich Arsenal that we dare not even suggest that they supply the drawings in question.

With the expert assistance at your disposal we hope that you will have no difficulty in making suitable designs for yourselves, if anything should interfere with permission being granted your representatives to visit the Woolwich Arsenal.

Will you please give us the names of the members of your new company and also a list of names and addresses of the companies with whom you propose sub-letting the contract.

Yours very truly.

(Marked as Exhibit No. 348.)

I see that Dr. John A. Harris says, on page 655:—

I have something here which may enlighten us. On June 13th, I sent a wire to General Bertram, 'Can arrangements be made for you and Colonel Carnegie to come to New York and learn directly and promptly of our bankers and banking arrangements,' and that that would greatly facilitate the details and assure early disposition of all contract matters, and requested an answer.

Q. Have you got the answer; did you communicate with them, and was the result that instead of you going to New York they came here?—A. They came here.

Q. Was that the result?—A. One of the results.

Q. You did not go to New York?—A. No, I did not go to New York.

Q. They came here?—A. They came here.

Q. Now, Colonel Carnegie, it was said by I think both Mr. Lloyd Harris and Mr. Russell that in September when contracts or rather when tenders were invited—

Sir WILLIAM MEREDITH: In 1915?

Mr. HELLMUTH: In 1915, when tenders were invited from some firms at all events in Canada, they were not invited, in other words, that they were left out. Have you any explanation to make as to that?—A. Yes sir. The explanation is that we received a cable from the War Office on September 7th, asking if we could ascertain what facilities for the manufacture of No. 80 fuses there were in Canada, what facilities. It was not then a question as to whether an order was placed at all, it was a question as to facilities.

Mr. CARVELL: Where is the cable?

Mr. HELLMUTH: I will ask you, Colonel Carnegie, where is the cable?—A. The cable has I think been put in.

Sir WILLIAM MEREDITH: What date did you say?—A. I think it was September 7, sir.

Hon. Mr. DUFF: That cable would hardly be in in the ordinary course, because this is a more or less collateral matter which was not dealt with in the development of it.

The WITNESS: I have a copy of the cable here, sir. (Produced.)

Mr. HELLMUTH: This is a cable of the 7th of September, 1915. I don't know but what it has gone in:—

7th September, 1915.

“ Militia,

Ottawa.

“ 7680 cipher D.M.C.

“ Reference our 7531 cipher and your 643.

Ministry Munitions think establishment of a number of 80 fuse factories in Canada very desirable.

Please inform us in due course of result of your inquiries.

(Sgd) Troopers.”

(Marked as Exhibit No. 349.)

Mr. CARVELL: That is new.

The WITNESS: I am sorry. I thought it had gone in.

Hon. Mr. DUFF: It was not at all in the course of the previous examination.

Mr. HELLMUTH: You were going to give me some explanation about that cable?—A. That cable for an inquiry, and as we had the facilities of the Russell Motor Car Company there was no call to make further inquiry as to their facilities, but we did make inquiry as to the facilities of about five or six other firms in Canada.

Q. Apparently the method you adopted in order to ascertain the facilities was asking for tenders?—A. That is explained in this way, sir. We could not call upon any firm to state what they could do unless we told them the number of fuses we expected to calculate upon. They had to look into the question of their plant and the like, so we looked upon a million as a unit for production.

Q. As a matter of fact, you had no order then to give?—A. We had no order whatever.

Sir WILLIAM MEREDITH: Did it result in any order?—A. It did result, sir. We had an order on about the 22nd of October, and it resulted as a matter of fact in an order to the Russell Motor Car Company, which was given in December, I think.

[David Carnegie.]

Mr. HELLMUTH: Do I understand then that the reason you did not send that call for tenders to the Russell Motor Car Company was that you wanted to find out about others?—A. Yes, exactly. We did not want to bother them by asking them twice.

Q. Now in regard to the interview with Lloyd Harris on the 6th of May, Mr. Harris left the impression here that General Bertram in your presence had practically told him that the only way in which he could hope to get a contract with the Shell Committee was through Colonel Allison. What have you to say to that?

Mr. HENDERSON: It was the other way about, Mr. Hellmuth.

Mr. EWART: It was Colonel Carnegie who was reported by Mr. Harris to have said it in General Bertram's presence.

Mr. HELLMUTH: All right, if that is the case. What do you say?—A. I never said such a thing, sir.

Q. Is it possible that Colonel Allison's name may have been mentioned during the conversation?—A. It is possible.

Q. It may be?—A. It is possible.

Q. But could you or did you to Mr. Lloyd Harris or to anybody else state that the only way to get a contract from the Shell Committee was to approach and see Colonel Allison?—A. Never, sir.

Q. It is also said that you said there was pressure, that is, at a later interview on the 26th of May it is said that you said there was pressure higher up. What do you say as to that?

Sir WILLIAM MEREDITH: That forced you to make the contract.

WITNESS: I don't quite understand what higher up he speaks of. The poet speaks "to the right of them and to left of them." I don't know what they mean by "higher up". I can assure you of this, that General Bertram in his shirt sleeves came into my room time after time in that week of the 21st saying that we must close the business. Whether Mr. Harris or Mr. Russell refers to that or not I don't know. I know we had plenty of pressure.

Mr. HELLMUTH: What I desire to get from you is, first of all, was there any and if so what pressure from General Hughes?—A. I know of no pressure from General Hughes, sir.

Q. Did you know of none?—A. I knew of none.

Q. Did you know of pressure from anybody except the pressure you have spoken of from General Bertram and the pressure which it is admitted you told them from those proposed contracting companies or companies who had taken options, and the War Office; anything outside of that?—A. None whatever.

Q. There was none?—A. None whatever, sir.

Q. So that if you had made any statement you made it as I understand without any reason for it or authority?—A. If I made the statement, it was made simply with reference to that higher pressure of the War Office, or the pressure surrounding me, or the pressure of the contractors.

Q. But was there any question brought to bear to induce you to give the contracts to these particular people?—A. None whatever, sir.

Hon. Mr. DUFF: Perhaps it would be convenient at this point to ask, with regard to such pressure from the War Office, whether Colonel Carnegie could refer to any communication from the War Office which would have that effect, between the date of the interview with Mr. Harris and Mr. Russell at which they were given to understand that a certain number of shells would be reserved for them and the time when those letters were written on the 21st and the 25th of May?

Mr. HELLMUTH: Can you tell me of any cablegrams from the War Office between the 13th of May, I think it was—A. On the 17th of April we got the order. I think it was confirmed on the 28th.

Hon. Mr. DUFF: The date I am speaking of is the date of the interview at which Mr. Harris and Mr. Russell were given to understand—you will remember there was a letter written to General Bertram about it—that a certain number of shells or a certain number of fuses would be reserved for them?—A. Yes, sir.

Q. And the date when the letter of the 21st of May was written; the 25th of May was the date of the other letter, and there were two million still open at that time?—A. I know of no cable that did pass between the 13th of May and the 26th which I could lay my hand upon. What I am now referring to is, that pressure that came from the War Office, telegrams for urgent delivery of the work, due to the conditions. That is the only pressure I can think of.

Mr. HELLMUTH: You know of no pressure outside of that, such pressure as that might be, and the pressure of General Bertram who was anxious to close, as you say, and the pressure from the two contracting companies, who claimed that they had those options on material and machinery?—A. No, sir.

Q. You know of nothing else?—A. I know of nothing else.

Q. Do you say now, or can you say now whether you did make use of the expression that there was pressure?—A. It is just possible. I see in looking over my evidence that I told Mr. Johnston that we were working under great pressure.

Q. Can you say whether you said "pressure" or "higher up"?—A. I don't know that I can say that. I cannot really say that I said that.

Sir WILLIAM MEREDITH: I thought the witness would not recognize anything higher up.

Mr. HELLMUTH: The pressure from the side was General Bertram—or would you put him higher up?—A. Certainly. He was Chairman of the Committee, and I regarded him always as higher up, of course.

Q. Let me ask you this question. Some letters were put in here from a man named Webb, offering to make fuses at \$3.50 and to deliver them within thirty days from the date of the order.

Q. Did you have such a matter submitted to you?—A. No, sir.

Q. Did you know him?—A. I heard of that man that once swam the English Channel.

Q. I don't know that that is the Webb?—A. No. He went down.

Q. Did you ever hear of this Webb?—A. No, I really never heard of him, until I heard of him here.

Q. Leaving that out, do you think it would be possible that such an offer could have come to your offices and you not know that it had come?—A. No. I think the thirty days would have tickled me to death, as they say out here in Canada.

Q. But you had no such offer before you?—A. No, sir.

Sir WILLIAM MEREDITH: Perhaps he can tell us what he would have done with it if he had got it.

The WITNESS: It would not have gone to the waste paper basket. I saw the notice of the letter having been mentioned, and I had our files searched. I see there is a mention of a number 102, also the name of the specification. But I cannot identify the No. 102; the specification number I can, but my impression is that it may be a letter that never reached Ottawa.

Mr. HELLMUTH: At all events, it never reached you?—A. No, sir.

Q. I would like you to explain this, when you first recognized that a part of this order was going to be for graze fuses?—A. The order, the cablegram mentioned graze fuses.

Q. When?—A. On the 17th of April, I think.

Q. How was it then that you went on dealing with nothing but time fuses up to and past the 25th of May?—A. Because we had been in cable communication with the War Office on the subject of fuses prior to the order of the 17th or the final order of the

[David Carnegie.]

28th of April, and it was stated in the cables which I have laid out here in order, if I may be pardoned for going into them, because there seems to be some haze about the matter, on the 25th of March we received this cable from the War Office which appears at the top of page 48 of the evidence:—

“ We should prefer the No. 80 fuse for use with H.E. shell.”

I knew the 80 fuse, and the 80 fuse was a time fuse.

On the 29th of March we cabled that we would send a quotation for the high explosive shells on receipt of the specifications.

On page 51 of the evidence it appears that we received a cable on the 30th of April from the War Office.

Q. You mean the 27th of April. You stated the 27th of March.

Hon. Mr. DUFF: The 29th of March. It is on page No. 48, the second paragraph.

The WITNESS: On page 51, it shows that we received a cable from the War Office dated the 30th of April, asking us if we would quote for the No. 80 fuse for high explosive shells, still 80 fuses for high explosive shells. So that the whole atmosphere was the 80 fuse for high explosive shells. In addition to that we had just received a letter which is found in the evidence at page 860, dated the 5th of April, in which they give us particulars of the variation from the No. 80 to the No. 80-44 which is also a time fuse for the high explosive shells. So that I came to the conclusion that fuses for the high explosive shells, the time fuses for the high explosive shells were required.

Further, if you will notice, all the cables which followed until the 10th of May referred to time fuses. On page 58, you will notice that on May 6th we cabled asking if we might adopt the number 85 fuse, the American fuse, which I found the American people could make more simply than the No. 80 in preference to the other. I made the suggestion that they accept an aluminium body with the brass parts so as to make the weight balance with the total weight of the complete ammunition.

Their reply appears on page 59, that they could not agree to the use of the 85 fuse made partly of aluminium, and they said that they could only agree if a Mark VI shell were made and if the Mark VI shell were adopted due to the additional weight of the brass fuse.

Hon. Mr. DUFF: One is on page 58 and the other on page 59.

The WITNESS: Following the story which is on page 59 we received a cable from Troopers of May 10, asking us to quote for No. 100 fuses for 18-pounder high explosive shells. No. 100 fuses to me had no significance whatever. A No. 100 fuse might have been a modification of No. 80 time fuse. I did not know anything about it. I did not know that it was a graze fuse, and they did not mention that it was a graze fuse. I immediately wired to Major Laurie, the British inspector (page 59) asking him if he could supply me with drawings. I also wired to the Morgans, asking them if they could supply us with drawings and diagram complete. I was present with General Bertram in Montreal, and it was on the 18th or 19th that I saw this drawing and found that it was a drawing of graze fuses, a drawing of a graze fuse for an 18-pounder, although at that time it was a different inquiry altogether. I immediately cabled to the War Office. My faith was shaken then, and I immediately cabled to the War Office on the 19th of May asking them if they could tell us definitely what fuses they did require. As a matter of fact you will observe from the cables that they changed and said they would take the 80-44 for the 18-pounder high explosive shell, and the No. 100 for the 4.5.

Hon. Mr. DUFF: Which is your cable?—A. It is on page 75, and is dated the 19th of May.

Q. Does that mention the No. 100 at all?—A. Yes, sir.

Q. Have you it here?—A. Yes, sir, I have it at page 75:—

Regarding recent contracts for 18 pounder shrapnel high explosive and 4.5 shells with fuse, are 4.5 and 18-pounder high explosive shells to be fitted with fuse No. 80 over 44?

Fuse manufacturers finding difficulty obtain brass and prefer making No. 80 fuse in preference to No. 85 if time burning toleration of 22 seconds plus and minus point four-tenths is allowed as in No. 85 fuse. Do you agree?

Mr. HELLMUTH: Is that the one?—A. That is the cable.

Q. You do not say anything there apparently about the graze fuse?—A. I beg your pardon. I did not say. I asked the question, in that cable, whether they wanted 80 over 44 which they had mentioned in their letter of April 5th to us for both 4.5 and 18-pounder high explosive shells. Why I asked that was because in their cable of May 10th they said they required No. 100 fuses for the 18 pounders.

Hon. Mr. DUFF: The question I asked was, whether you had mentioned the No. 100 fuses in the cable. I merely want the fact.—A. I did not mention the number. I should like to go on, because it follows up the story.

On page 81, on the 25th of May, we cabled Troopers, referring to their No. 100 fuses and saying that we were trying to obtain specification from Colonel Phipps. That is of no importance. We cabled them asking about No. 85, about their decision.

We cabled again (page 92) on the 27th of May asking if they could give us some definite reply to our cable of the 19th of May.

Mr. HELLMUTH: You had not had any reply?—A. We did not get any reply until the 28th. They gave us a reply then, stating definitely that the 18-pounder shells would be fitted with a No. 80 over 44 fuse. That is at page 95 of the evidence. The 4.5 shell required the 100 fuse. That was the first intimation we had that the 100 fuse would be required for the 4.5 shell.

Q. Had you up to that time assumed that the 4.5 howitzer would be a time fuse?—A. Yes, sir.

Hon. Mr. DUFF: I think you ought to repeat that, Mr. Hellmuth. I think Colonel Carnegie does not quite appreciate the force of it. I rather gathered that Colonel Carnegie had read a telegram of the 17th of April as requiring a graze fuse for the 4.5 howitzer.

The WITNESS: 4.5 18-pounder.

Q. Quite so. But that subsequent cablegram which came within a few days, ten days afterwards, taken in conjunction with the communications you had had before led you to the conclusion that you were wrong in that, and that from that time on you assumed that it was a time fuse they required for the 4.5 Howitzer?—A. No, sir. On the 30th of April we received that cable, two days after the definite acceptance of our offer stating that No. 80 fuses were required for the high explosive shells. That really confirmed my view at the time, that time fuses were required for all high explosive shells.

Q. Do you mean now to say that you did not read the cable of the 17th of April as requiring a graze fuse for the 4.5 Howitzer, at the time you got it?—A. At the time I got it I read that cable—I was not there when we got it, but I saw it—and I read that that cable asked for graze fuses for the 4.5 and for the 18-pounder high explosive shells.

Hon. Mr. DUFF: That is the whole point. What I mean to say is that the answer he gave was that down to the time he got the cable of the 28th of May he had assumed that they were graze fuses.

Mr. HELLMUTH: About the 17th of April or whatever time it was, some time then, you thought the high explosive shells would be all graze fuses until you got that cable quoting the time fuses?—A. Yes, sir.

[David Carnegie.]

Q. From that time on you assumed that all the high explosive howitzers were time fuses, until you got the other telegram?—A. Yes, sir.

Q. So first of all it was in your mind that it might be a graze fuse, then that they were going to be time fuses?—A. Yes, sir.

Q. Then on the 28th of May you learned that they were going to be graze fuses?—A. Yes, sir, that is the position as I understood it.

Q. So far as that is concerned, did you convey that impression—at all events from the 17th of April on—that they were all time fuses?

Sir WILLIAM MEREDITH: Did he convey?

Mr. HELLMUTH: Did you convey that impression to General Bertram or any one else?—A. Oh, yes sir. That was the whole purport of our working.

Q. That is on the 17th?—A. From the time I came back here, the 26th of April.

Q. You got back on the 26th; but you would not say at all about the early part of April, that you had not an idea that they might be graze fuses. When did he get your order?—A. The 17th of April the order came; it was confirmed on the 28th.

Hon. Mr. DUFF: Do you mean that there was a letter on the 28th?—A. There was a cable saying definitely to proceed with the order.

Mr. HELLMUTH: You were not here then when the order first came in?—A. No, sir.

Q. Was it repeated to you, away?—A. No, sir, but when I came back.

Q. When you came back you had both the cable order and the further order about the time fuse for the high explosive. You saw them together?

Mr. CARVELL: No, he has not said that.

The WITNESS: No, sir.

Mr. HELLMUTH: What were the dates?—A. Before I left for the West, towards the end of March, they were cabling about time fuses for high explosive shells.

Q. Yes?—A. When I came back there was this curious cable asking for five million shells with graze fuses.

Q. Yes?—A. Two days after the thing was confirmed in my mind. On the 30th of April they asked us to quote on these No. 80 fuses for high explosive shells.

Hon. Mr. DUFF: What was the date of your return?—A. The 26th sir.

Q. Was that the date of the interview with the Harris people?—A. Yes, sir.

Q. You discussed with the Harris people the price of \$4.50 on the 26th of April, for five million fuses. Was that five million fuses being considered by you solely with reference to the five million order of shells of the 17th of April?—A. Yes, sir.

Mr. HELLMUTH: Now, just one further matter.

Q. I want to know if you can confirm the delivery of fuses during the month of May. I understand that during the month of May the International Arms and Fuse Co. delivered time fuses to the number of 359,795?—A. Yes, sir, those are the figures.

Q. Is that correct?—A. That is correct.

Q. The American Ammunition Company how many.—A. 9,950.

Q. That is accepted fuses.—A. Passed proof, yes.

Q. So the total time fuses delivered and accepted up to the month of May is a trifle over a half a million, five hundred and nineteen thousand odd by the International, with a few from the American.—A. That is right, sir.

Q. Then, the graze fuse production for May was, by the American Ammunition Company 206,000, and by the Russell Motor Cor Company 38,000. Is that right?—A. Yes, sir.

Q. That is correct?—A. Yes, sir.

Hon. Mr. DUFF: By the way, have we got the deliveries of the American Ammunition Company on graze fuses?

Mr. HELLMUTH: Oh, yes, I think so. I am finishing now, we only had down to April.

Q. Then, the total production to May 31 is, by the American Ammunition Company, 1,100,000; by the Russell Motor Car Company 298,000 that passed inspection?

—A. Yes, sir.

Q. Those figures are correct?—A. Yes, sir.

Q. Now, as I understand it, you are still Ordnance Advisor to the Imperial Munitions Board.—A. Yes, sir.

Q. We had here the other day a gentleman from the British Munitions Company who spoke in regard to the company that is being established near Montreal, is it not, for the loading and the assembling of fuses?—A. Yes, sir.

Q. You are aware of that?—A. Oh yes, rather.

Q. We understood from him that there were not experts for that company—no expert engineers on loading or assembling. I suppose that is correct?—A. Well, it is what I suppose Mr. Hathaway may in his modesty term experts. Mr. Hathaway is a very capable man.

Q. But he does not pretend himself to be an expert fuse maker.—A. No, but he has had all the access that any person could give, to the International Arms and Fuse, and they have done nobly in that respect; but in addition to that Mr. Hathaway—I am speaking now of the board—we have associated the American Locomotive Company with the Westinghouse Company, both of which are named under the Walco Loading Plant at Providence—

Q. What have they got to do with the Imperial factory? Are they coming into it?—A. Oh, they are in it, sir. We have representatives on our board from the Westinghouse Company and the American Locomotive Company.

Q. Are the representatives on the board men who practically and theoretically understand loading.—A. Well, no, but when in England recently—that is during January—I arranged with Mr. Hathaway for his expert chemist to go over and get training in Woolwich arsenal, and also the Coventry Ordnance Works.

Hon. Mr. DUFF: You mean the Northern Electric Company's expert.—A. Their chemical expert.

Mr. HELLMUTH: What has he to do with the Imperial Munitions Company?—A. He will be located there entirely, we have secured his services to assist in the loading; but in addition to that—

Q. Just take one thing at a time. You got this gentleman. What is he, what is his calling?—A. Mr. Eastlake is the chemist of the Northern Electric Company.

Q. What has he learned, about loading and where.—A. He learned the loading at Woolwich arsenal.

Q. How long was he there.—A. I think it was about six weeks.

Q. In Woolwich arsenal.—A. Yes

Q. And he is a chemist.—A. Yes, he is a chemist.

Q. Is he to be in the Imperial Munitions Co. plant?—A. Oh yes.

Q. As chemist?—A. He is going to give what assistance—I think Mr. Hathaway is quite right, we could not speak of him as an expert, but he is going to use that knowledge gained because of his training as a chemist and understanding quickly some of the points.

Hon. Mr. DUFF: The Northern Electric have lent him to you?

A. Yes, sir, that is right.

Mr. HELLMUTH: What else?—A. Then Mr. Hichens very kindly arranged for me to have one of their men from the Coventry Ordnance Works. When I was in England I went to the Coventry Works and saw what they were doing, and I arranged there with a man to go for three or four months into training there.

[David Carnegie.]



Q. Where?—A. At the Coventry Ordnance Works. He had been there for years; not in the fuse department, but he was put into the fuse department, and he had training in the mechanical and the loading end for nearly three months. He is here now.

Q. Is he going to be in there?—A. His energies are to be devoted to Verdun, and assisting other people who are making fuses for us.

Hon. Mr. DUFF: Is he an engineer?—A. Yes, he is a trained engineer, Mr. Hawkesworth by name.

Mr. HELLMUTH: What about the men, the foremen and so on?—A. I have been so much taken up—I was going to say with this horrid commission, I would not say that for the world—that I have not had time to visit the factory at Verdun for some time, but the foremen and the arrangements are left entirely with Mr. Hathaway. I may say that we have already, through the kindness of the International Arms and Fuse Co., sent down fourteen rings to be loaded and pressed there, just to be tried out. We have not gone very far ahead, but I have every confidence that we will be able to get the loading done at Verdun. It is planned out on the lines indicated by the American Locomotive Co., and also with the help of the International.

Sir WILLIAM MEREDITH: Are you going to ask him anything about this White matter?

Mr. HELLMUTH: Oh yes.

Q. What about Mr. White? You were not here this morning?—A. No, sir.

Q. I do not think Mr. White spoke of seeing you.—A. I do not know that I have seen Mr. White.

Mr. JOHNSTON: Mr. Kirby.

Mr. HELLMUTH: I do not think I need ask about Mr. Kirby, I do not think it was Colonel Carnegie.

Sir WILLIAM MEREDITH: You did not ask General Bertram. Who is next?

*By Mr. Atwater:*

Q. Do you know what the daily output of the International is to-day?—A. No, but I was very pleased to hear that it was between twenty-two and twenty-five thousand. I heard that last week.

Q. Per day?—A. Per day.

Q. It is not very long ago that I asked you something the same question, and you said it was under the contract number. It is over the contract number?—A. It is really wonderful since the time of our last meeting, when they had reached 16,000. They are now up to 22,000 or 25,000. I think it reflects very great credit on the work there.

Q. Do you know whether a request was made by the Munitions Board to the International Co. to allow Major Hawkins to give his services to the American Ammunition Co. for any time, at short period?—A. I think some request was made, I am not just clear about the nature of the request.

Q. Do you know whether that request was acceded to?—A. I do not know, I cannot say.

Sir WILLIAM MEREDITH: Any questions?

Hon. Mr. DUFF: The American Ammunition Co. are still in trouble then about their loading?—A. They are getting on very much better, but they are still bothered. I did not get to-day's proof, but last week they had three or four lots passed.

*By Mr. Carvell:*

Q. Just one question, I would like to have a little information. In the cablegram which you received on the 30th of April, re your letter of April 5, "Can you now quote for No. 80 fuse for high explosive shells." Does that refer to the cablegram which is to

be found on page 48, which is as follows: "313 Cipher. Reference to your 3741 Cipher A2. Will quote amended price on receipt of drawings, specifications and sample of fuse for high explosive shells, but could not commence delivery under six months."—  
A. I think that is the reference.

Q. Will you tell me again, please, on what page do you find the letter of April 5 also referred to in that cablegram?—A. It was 860, I think.

Mr. NESBITT: The middle of the page.

Mr. CARVELL: That is all I want to know. The cablegram on page 48 and the letter on page 860 are the references which you took from that cablegram of the 30th of May?—A. Yes, sir.

Sir WILLIAM MEREDITH: Any other questions?

*By Mr. Ewart:*

Q. Just one question. What you have said, Colonel Carnegie, leads me to think that Mr. Patterson must have been in error in his testimony on page 516. I read a short paragraph there. He was here as you remember between the 1st and the 5th of June?—A. Yes, sir.

Q. The question that I read is on the middle of the page:—

Q. Did you get anything made definite on the 1st of June or what did you get?—A. No order was forthcoming even on the 1st of June; the Committee were still insistent that we should meet the \$4.25 price named, and so far as I recall the delivery they did not want to extend the delivery dates.

Hon. Mr. DUFF: Objected to your delivery schedule?—A. They objected, yes.

Mr. HELLMUTH: Did you go back—left again indefinite still, is that right?—  
A. Quite right.

Q. Now, in view of your recollection and these four communications that you have put in, what do you say as to that now?—A. I think Mr. Patterson must have forgotten that he had those communications, because the contracts show that on the 8th of June we wrote to him sending him two copies of contracts asking for their signature on both, and one to be returned to General Bertram.

Sir WILLIAM MEREDITH: At what price—A. \$4.50, sir.

Mr. EWART: Then, from your recollection and from these documents, can you say whether Mr. Patterson must have been mistaken in saying that "the Committee were still insistent that we should meet the \$4.25 price"?—A. That was during the negotiations when he was at Ottawa, during June 1 and June 2 or June 2.

Hon. Mr. DUFF: June 2, yes. Mr. Patterson stated that it was on the 2nd of June that he definitely rejected the proposal at \$4.25.

Mr. EWART: Did you come to terms with him before he left?—A. I have no recollection now, but the facts show that we must have come to terms, because on June 4 we placed before the Committee the proposed contract form with the price of \$4.50 settled, and it was upon that contract that Colonel Watts made this observation, and upon the amended form that we sent a copy to Mr. Patterson on the 8th.

Mr. HELLMUTH: On the 7th?—A. On the 7th of June, and the other two copies on the 8th.

Mr. EWART: I notice in the letter to Mr. Patterson of the 9th of June, that you hope that his suggestion about supplying machinery will not be used for an excuse for non-fulfilment of the contract.—A. Yes, sir.

Q. So what you say is that these four interchanges of the 7th, 8th, 9th and 13th of June indicate that you had come to terms prior to their passing.—A. So far as the terms of price went; there were other negotiations.

Q. But as to price?—A. Exactly.

[David Carnegie.]

Q. Then the rest of the time between that and the 19th of June was taken up in settling the other terms?—A. Regarding guarantees and the like.

Sir WILLIAM MEREDITH: Is this not a possible explanation that Mr. Patterson had made up his mind that he would not take \$4.25 and that you would not take \$4.50, and that you did not intimate to him that you would accept \$4.50?—A. That is a very possible explanation.

Hon. Mr. DUFF: There is a point with regard to Mr. Cadwell. The point relates to the change in the graze fuse by the elimination of the detonators and the firing proof. Mr. Cadwell said that that was proposed here in Ottawa. Now, I would like you to give me, as well as you can, your recollection, in the first place, as to whether that is correct, and if so when and why it took place. There is just one thing you might, perhaps, take into consideration, it may assist your recollection. There was a letter put in of the 7th of August, I think, among the more recent productions, from Mr. Cadwell to you, in which he complains rather bitterly of the restoration of the graze detonator in the specifications, as if some change had taken place, saying he had let his sub-contracts upon the specifications which had apparently left that out. I would like to know what you can remember in regard to that?—A. When the contract was let the specifications attached to the contract did not clearly define whether one detonator or two detonators were required. Subsequently we learned from the War Office that only one detonator was required. Mr. Cadwell said, "I am not going to run the risk of a failure of fuses at proof, of one detonator; because you are eliminating one of the chances I have of success." "Well," I said, "you can go ahead with the two. If they want to take them out when they get over to the other side let them do it." He said, "I am going to put them in." Then we raised the question with the War Office, Is it essential? They said, "No, one is essential." Then, over that question of detonators I am not quite sure now whether it came from Mr. Cadwell or from us, but I do know that he was very doubtful about the possibility of the proof.

Q. You cannot recall whether it was he or you?—A. No.

Q. He proposed the elimination of the proof?—A. No, but I do know that he and Mr. Calahan, his legal secretary, came to Ottawa and we had a long conversation about the question of the elimination. I told him quite clearly that we could not authorize the elimination without the consent of the War Office.

Q. Then your recollection is that the proposal came from him?—A. It may have.

Q. The elimination of firing proof is the point he dwelt on mainly?—A. Yes, because he was in doubt.

Q. That is the impression?—A. That is the impression, yes, sir.

Sir WILLIAM MEREDITH: I suppose you have read the evidence of Mr. Harris and Mr. Russell?—A. Yes, sir.

Q. Have you anything further to add to the statement you made with regard to what they said about advances—that no advances had been made upon any contract?—A. No, sir, I have nothing further to add only this, that I have been amazed on reading over the evidence. I have regarded Mr. Harris and Mr. Russell more as friends, in coming in Canada as a stranger. They have always treated me in an excellent way. Only a month or two ago I had dinner with Mr. Lloyd Harris at the club, and we were then talking in a most friendly way. I met him about a week before this Commission met, and I was perfectly amazed at the colour given to the evidence in this respect.

I can only take it that the question of the advance was clearly a misunderstanding, and I told Mr. Russell when I met him in the club in November, I said, "My dear fellow, if I led you to believe that, surely there was no reason to write the Prime Minister about it." And they there and then—I understood that it was an accepted thing—thought it was a clear misunderstanding. There was no intention; what motive could I have had? What did it matter to me?

Sir WILLIAM MEREDITH: That is all.

Mr. HELLMUTH: I forgot to ask General Bertram one question.

Mr. HELLMUTH: Just before General Bertram is called, I have a letter and I think it is only fair to Mr. Patterson that I should bring it before the Commission. I do not think it would offend against the ruling. In a memorandum from him he says—

Sir WILLIAM MEREDITH: State it without taking it down.

(Mr. Hellmuth states purport of letter later filed as an exhibit.)

Sir WILLIAM MEREDITH: I suppose he thinks he did not say it.

Mr. HELLMUTH: He said that if he said he was in Ottawa on the 1st of June, he should have said the 2nd of June. He says this—it is not offending, I think:—

“I notice that on page 540 of the printed evidence that I was asked if I was in Ottawa on the first of June, 1915, and saw some members of the Shell Committee, and I answered thereto ‘yes.’ On looking up the dates I find that this date should have been the second of June. I left New York on the night of the first of June, and was in Ottawa on the second.

“Similarly wherever the first of June occurs in my evidence in connection with our proceedings at Ottawa, I would desire to have the date changed to the second.”

It is harmless, and I am sure that Mr. Patterson would not make a statement of that kind with any ulterior object, and I do not think it makes any difference.

Sir WILLIAM MEREDITH: To whom is that letter written?

Mr. HELLMUTH: It is not addressed to any one, it is a memorandum sent to Mr. Atwater.

Hon. Mr. DUFF: That is really made very clear by Dr. Harris' evidence.

Mr. ATWATER: I think so, but it shows that Mr. Patterson himself recognized it. (Letter marked Exhibit No. 350.)

Brigadier-General Sir ALEXANDER BERTRAM, recalled.

Mr. NESBITT: I forgot to ask you when you were in the box, the Webb correspondence that has been spoken of here, did you ever see or hear of it?—A. No, never heard of it.

Mr. HELLMUTH: Mr. Commissioners, with the exception of the calling back of Colonel Mackie when the contract from the Canadian Car Foundry Co. with the Recording and Computing Company of Dayton, Ohio, Mr. Ohmer's company, is produced, and the bank book extended, of Miss Edwards, (as I understand that the cheques, are being telephoned to New York for and ought to be here to-morrow), so far as I am aware the evidence on this Commission is now all in,—

Mr. CARVELL: Might I be allowed to make a statement? At the lunch hour I saw Colonel Mackie and he informed me that he was very anxious to get away to Petawawa to-night, and I do not consider the light that he might throw upon the contract is of sufficient importance to hold him over here for another day. I did think I should be allowed to cross-examine him upon that contract, and the contract should have been here before any evidence was given, but I do not think it is of sufficient importance to keep Colonel Mackie here; so that as far as that is concerned I am going to withdraw the request.

Sir WILLIAM MEREDITH: Is Mr. Henderson here?

Mr. HELLMUTH: He is not here at present.

[Sir Alexander Bertram.]

Sir WILLIAM MEREDITH: Is Miss Edwards to appear?

Mr. HELLMUTH: I saw Mr. Henderson to-day, I think it was during lunch hour, and I asked him then if Miss Edwards could appear to-morrow morning, and he said the information he had was that she was quite ill, but that he had telephoned to New York not merely for the bank book to be extended, but for the production of the cheques that had been given on that account, and that he assumed they would be here to-morrow morning, and he said "I cannot be here, I have to leave, but somebody can attend to it for me". I do not know which of my friends will attend to it, but if it is handed to me I will be very glad to attend to it for Mr. Henderson. But I do not see why that need delay the proceedings. That contract, if it is here to-morrow morning, can be put in if it becomes material, although, as Mr. Carvell says, it is probably on an issue not very relevant. There is no reason why we should not be able to get on with the argument, whatever argument there is to be, and we would finish the matter I hope by the day after to-morrow.

Mr. JOHNSTON: There is one question I might mention before closing. There was a question, you will remember, of the admissibility of certain evidence or letters between Mr. Flavelle and General Hughes; I think that you read the letters or examined them, and decided I think on two or three, perhaps, that you thought were admissible.

Mr. HELLMUTH: That is the Thomas letters.

Mr. JOHNSTON: Yes, and also the Flavelle letters. Some of them were not admitted.

Hon. Mr. DUFF: So far as the Thomas letters were concerned I think there were only two or three that seemed to have any kind of bearing whatever.

Mr. JOHNSTON: So long as we understand that there was a ruling that those were the only ones that were thought proper to admit, and the Flavelle and Hughes letters, there were some of those which were handed in to the Commissioners, and I do not know that there was any definite decision given upon that batch of letters. I do not know what was put in or what was not put in at that time.

Sir WILLIAM MEREDITH: Nothing has been put in yet on that.

Mr. NESBITT: I understood they were all ruled out.

Mr. JOHNSTON: No, it was to be considered.

Sir WILLIAM MEREDITH: We think that so far as the letters in that file are concerned as far as they are relevant we have all the information already in the evidence. As to other matters we think that it is not admissible that they should be put in evidence.

Mr. CARVELL: There is just one point that I wish to refer to; I have not the exact citation here, but you will remember that quite early I asked for the right to go into an investigation of all contracts with reference to the five million rounds of complete ammunition; and Chief Justice Meredith gave the ruling one way that I offered to cite before the Commission. Later on Mr. Flavelle was examined, and he said there might be some difficulty to separate and pick out the different contracts with the manufacturing firms in Canada who supplied the whole of the five million shells. A few days ago Mr. Riddell stated that there was no difficulty, that they could pick out and distinguish and tell what manufacturing firms received orders for any and all portions of the five million rounds of complete ammunition.

Sir WILLIAM MEREDITH: I did not so understand him. I do not think he threw the slightest particle of light on the subject of the inquiry.

Mr. CARVELL: I have not the evidence before me, but I so understood it, and I am satisfied the evidence will bear me out. I would like to have the ruling of the Commission on the question, and I would like to have the right to go into an investigation of all contracts which made up a part of the five million order, of which the fuses formed a part.

Hon. Mr. DUFF: Mr. Carvell, Sir William Meredith has asked me to put the view which is substantially the view which was expressed before with regard to the point that you raise. We are both quite clear that the contracts for parts, whether for the purpose of filling the five million order or not, are not subject matters of investigation here, and, therefore, as such they are not to be investigated. I mentioned before when the matter was raised that it appeared to me at the time that possibly it was a point that might arise, and therefore, I specifically referred to it, that that would not necessarily have excluded an examination of the cost of the completed shell, including the fuse, for the purpose of investigating the question that had been raised by Colonel Carnegie, whether or not the total cost, in view of the price paid for the fuses, would exceed the price stipulated for by the War Office; but that is not a line of investigation I understand you desire to enter upon.

Mr. CARVELL: That might follow.

Hon. Mr. DUFF: That is a different matter.

Sir WILLIAM MEREDITH: I think it is most undesirable when everybody understood that the evidence would close to-day, that this thing is sprung at the termination, when we supposed the evidence was all in.

Mr. CARVELL: Mr. Commissioner, nobody had any right to assume that I had abandoned that point, because I brought it up on more than one occasion.

Sir WILLIAM MEREDITH: Has it not been more than once suggested that with these witnesses the inquiry was closed?

Mr. CARVELL: I do not know; it may have been suggested, but I have never withdrawn one jot or tittle from the attitude I started in, and I do not intend to. Of course if the Commission does not allow me I cannot go on.

Hon. Mr. DUFF: Formerly when this question was raised I put that point specifically; you took your position then, and I took the liberty of saying, and I think others took the liberty of saying, that you simplified the situation by the candor with which you stated that you desired to enter upon a substantive examination of these contracts, as such, and that was the point that was ruled upon, and we ruled upon it in the way in which you have suggested. The other line of inquiry is a line of inquiry which has never been suggested except on the two occasions, the last occasion upon which the ruling was given, and on the present occasion, by myself.

Mr. EWART: I should like to ask Mr. Carvell if he has had any communication with Mr. Kyte upon the subject that I mentioned the other day, and if so what reply he has had.

Mr. CARVELL: No, I may say, Mr. Commissioners, that I viewed that purely as a little hot air from my friends opposite, and I treated it as such.

Mr. EWART: I understood Mr. Carvell to say to the Commission that he would communicate with Mr. Kyte.

Mr. CARVELL: I will say this, if my learned friend considers it of sufficient importance to adjourn this Commission so as to bring Mr. Kyte here I will undertake to bring him here.

Mr. EWART: I indicated to my learned friend that if he would not on Mr. Kyte's behalf withdraw what Mr. Kyte is reported to have said, that we would desire Mr. Kyte to be present.

Hon. Mr. DUFF: To examine him with regard to what he said down in Nova Scotia about what some witness stated in the witness box here.

Mr. EWART: So far as he can contradict what General Hughes has stated in the witness box, so far as he can give any information upon that point we wish to have an opportunity of examining him.

Mr. JOHNSTON: That would be going afield.

[Sir Alexander Bertram.]

Mr. HELLMUTH: Whatever may be the desire of any of my learned friends we have so far as the Order in Council and the Commission that was issued under it is concerned, investigated that matter to the greatest extent that I am able to go, and I would be quite willing of course, if any further evidence could throw any light upon it, or could be produced, that it should be produced; but as to going into contracts that were made in regard to the component parts of the shells as such—

Hon. Mr. DUFF: We have ruled on that.

Mr. HELLMUTH: You have ruled on that. Then I submit we might well, if it is the desire of the Commissioners, either this evening or first thing in the morning, proceed with whatever argument there should be.

Sir WILLIAM MEREDITH: Has everybody now, the counsel that are here, brought before the Commission everything that they desire to bring, and been permitted to bring—I add that to cover Mr. Carvell's case?—Has anybody anything else?

Mr. JOHNSTON: I have given all the witnesses I had any notice of, or any knowledge of.

Sir WILLIAM MEREDITH: I say for the Commission, if anybody has any information that would tend to enable us to reach a conclusion upon the matters referred to us by the Commission we will be very glad to hear it. Perhaps the best plan would be to adjourn now. The press no doubt will publish a statement of that intimation by the Commission.

Mr. JOHNSTON: I am afraid you will have to determine the order of the speeches.

Sir WILLIAM MEREDITH: I have not consulted my brother. My idea would be that Mr. Hellmuth, who has been in a neutral capacity, I presume, will say whatever he has to say.

Mr. HELLMUTH: I will be very short, I promise you.

Sir WILLIAM MEREDITH: And I should think that those who made the charges or who are appearing for those who made the charges should be the next speakers. Then those who represent the Shell Committee—

Mr. JOHNSTON: As to those making charges, or appearing for them, that is Mr. Carvell—

Sir WILLIAM MEREDITH: Yes, and you as far as that—

Mr. JOHNSTON: I do not want to be misunderstood; I made no charges, and I do not even represent the Opposition. I cannot because I was retained by the Government to assist the Commissioners as much as I could.

Sir WILLIAM MEREDITH: You must be neutral; you cannot say anything on either side.

Mr. JOHNSTON: Yes, that is my difficulty, that I feel if I take a view of the facts as they occur to me I may be arguing against my client; if I take a view the other way then I am representing nobody, perhaps, and I do not know upon what ground I can say anything, because merely to state the facts is no advantage to the Commissioners.

Hon. Mr. DUFF: *Amicus curiæ*.

Mr. JOHNSTON: Merely stating the facts would be of no use, unless I drew a deduction or something of that kind from them.

Sir WILLIAM MEREDITH: Perhaps, Mr. Johnston, after you have heard all the speeches as *amicus curiæ* you might make a few observations.

Mr. JOHNSTON: Well, General Hughes is here, and I might discuss the question of fees. Perhaps if I desire to say anything, or I am in a position to say anything, I might be heard later on. One trouble at the present moment is I may have to go to Winnipeg. I am waiting for a message, as matters are coming to a climax there; but I do feel a difficulty in putting myself upon some line of argument, or suggestion

or statement, that would not be consistent with the somewhat peculiar position in which I am professionally.

Mr. HELLMUTH: I do not quite understand my learned friend. My learned friend has not found any difficulty in the conduct of the case, and I do not see why my learned friend should have any difficulty at all; although appointed by the Government, as he has already informed us in the letter he has put in—

Sir WILLIAM MEREDITH: Is not that a matter between him and his conscience?

Mr. HELLMUTH: I do not intend that my learned friend shall assume a position of neutrality in this matter. He has already departed from it, and an assumed neutrality is the worst kind.

Mr. JOHNSTON: Let me say this; my learned friend knows the letter of instructions that I got, that I should not put him, as representing the Government should not put Mr. Hellmuth on the defensive. The letter is quite clear.

Mr. HELLMUTH: The letter also says that my learned friend can take the position of sustaining, if he can, the charges that were made.

Mr. JOHNSTON: No, that I may examine and cross-examine witnesses and take such method of getting at the facts as I see fit, but the real issue is what position am I to take—against Mr. Hellmuth and combat what he has to say, if I can, in the face of that?

Mr. NESBITT: This is the only proper subject of debate we have had to date. It is all one way so far.

Sir WILLIAM MEREDITH: Mr. Johnston has not been vicious at any stage. My brother Duff suggests that it might be useful to get from Mr. Hellmuth and Mr. Johnston their views as to the scope of the inquiry, what the subject matter is and what the issues are.

Mr. HELLMUTH: I do not propose to argue the case at all. I only propose to state to the Commission what I thought was the matter that came before them in this investigation.

Sir WILLIAM MEREDITH: Perhaps Mr. Johnston might be able to assist us by his argument upon that.

Mr. JOHNSTON: I have no objection; I do not know that I can say anything. I hope I am too modest to say that I can add anything to what Mr. Hellmuth may say upon that subject because it would be only repeating perhaps what he said, and I do not want to take up time in that way. But what I would like to have understood is, that if I do not say anything at all it is not from any want of recognition of the Commissioner's powers or duties here, or the importance of the matter. It is not that at all, it is because I do feel from the instructions that I have that I could not go afield to take up a debatable question and attack A, B, C, and D, upon the evidence as one would do in an ordinary action at law. That is the position I take. I fancy Mr. Hellmuth has taken the true position when he says he will deal with the scope of the Commission and the general outline in that way. I daresay he feels, as I do, that there is the difficulty about counsel in an open investigation of this kind taking part one way or the other, taking either side, because none of these people were clients of ours who gave us their confidence particularly, they were not people whom we represented, and there is no issue between ourselves, or between ourselves and the Commission, no issue to present so far as I know—unless Mr. Kyte, making the charges, the General Hughes charge, the Shell Committee charge, there is a direct personal issue at any rate—but here Mr. Hellmuth and I both have the same instructions, and I do not see, for instance, how Mr. Hellmuth could at the present time, or how I could attack the Government, the very client who employed us—

Mr. HELLMUTH: You evidently did not read your letter. "If you desire to conduct your work as one attacking the Shell Committee, or any member of the Government in the matters concerned before the Commission, and to confine yourself solely to such attack, then I have to repeat what I said in the conversation, that the Govern-

[Sir Alexander Bertram.]



ment has no objection whatever to your doing so, nor is it our desire to place any restraint upon you." I assumed from what you said that you had adopted that course.

Mr. JOHNSTON: No, go on and read the balance.

Mr. HELLMUTH: (Reads). "In so far as your suggestion of this morning involved the taking up of the defensive position by the other counsel for the Commission, Mr. Hellmuth, we must refuse to so instruct him." I certainly thought you had taken the position.

Mr. JOHNSTON: No.

Mr. HELLMUTH: I never assumed you were my colleague from the first moment.

Sir WILLIAM MEREDITH: I suppose it will be perfectly proper for counsel to comment upon the course Mr. Johnston has taken, as you are doing now——

Mr. HELLMUTH: Yes, I should think so.

Sir WILLIAM MEREDITH: The only thing, with regard to this matter Mr. Ewart mentioned yesterday and to-day about Mr. Kyte; the only way in which it occurs to me at all that that could be material is, Mr. Kyte is reported to have said that one witness that has been called committed perjury and the other witness had lied, and if there is any information in Mr. Kyte's possession that would warrant him in making that statement, apart from what we have heard, I think he ought to disclose it; and I think, in fairness to the Commission, it ought to be ascertained whether Mr. Kyte has anything to support a statement of that kind, if he has made it, beyond what has appeared before this Commission.

Hon. Mr. DUFF: If he made it.

Sir WILLIAM MEREDITH: Yes.

Mr. MARKEY: Might I suggest what Mr. Kyte said, as repeating the statement that he made in the House, was in reference to a statement made before the Davidson Commission by the General and Allison, and therefore he is not commenting upon proceedings before this Commission.

Sir WILLIAM MEREDITH: We are entirely in the dark as to what it was, or whether the statement was in fact made. I suppose this Commission has all the powers of a Superior Court, and if anybody makes a statement that would be contempt of Court the Court can take notice of it.

Mr. CARVELL: As representing Mr. Kyte, I have no knowledge that he made the statements referred to by my friends yesterday and to-day. I have nothing to express upon it at all. You will remember that some weeks ago I gave notice to the Commission and to my friends that Mr. Kyte was called back home on important business. He was only too willing to submit himself to cross-examination. It was stated that he was not required. I repeated that offer. I might as well tell my friends that; there is no use of being mealy-mouthed about it either. I went to my friends last week and said that Mr. Kyte was in Nova Scotia, that a scheme was going to be put up to have him away from Nova Scotia on account of the elections there. I have a letter from Mr. Kyte which I can produce. As a result of receiving that letter I went to my friends and asked him if they wanted Mr. Kyte here. A consultation was held, and I received a notice, which I have in my pocket, from Mr. Nesbitt that it was not necessary. I cannot express an opinion at all about it. If the Commission feel that Mr. Kyte is a necessary and material witness to throw any light upon the questions at issue, Mr. Kyte will be here. I cannot say on what day he will be here, as it will take him three days at least to get here.

Sir WILLIAM MEREDITH: May I say, Mr. Carvell, that so far as the Commissioners have ruled on matters pertaining to the inquiry, have you any instructions from Mr. Kyte as to anything that has not been brought before the Commission?

Mr. CARVELL: Not on anything so far as I have been allowed to go.

Sir WILLIAM MEREDITH: I think that is a fair statement and that covers the whole ground. So that the responsibility of determining with regard to the matters that have been investigated here, as to any charges being made here, will rest upon the Commissioners.

Mr. HENDERSON: I have to leave town to-night. Colonel Allison is only a witness, and I do not desire to be heard in argument, at the same time I do not desire to show any apparent discourtesy to the Commission.

Hon. Mr. DUFF: The possibility of having to make a finding with regard to Colonel Allison I suppose is something which might be the subject of discussion. I am only speaking of it speculatively, not having considered it.

In that case, will somebody be present representing Colonel Allison?

Mr. HENDERSON: I assume any finding concerning Colonel Allison will affect either the Minister or the Shell Committee?

Mr. HELLMUTH: I would not for one moment assent to that.

Mr. NESBITT: What was that?

Mr. HELLMUTH: Mr. Henderson says that he assumes that any finding concerning Colonel Allison will affect either the Minister or the Shell Committee.

Sir WILLIAM MEREDITH: If that is an assumption upon which you have decided not to appear for Colonel Allison, you are calculating without your host, Mr. Henderson, I think.

Mr. HENDERSON: I will leave with one of my friends a memorandum which I will ask to have read.

Sir WILLIAM MEREDITH: I would like to hear what is to be said in regard to Colonel Allison in justification of the course he took.

Mr. HENDERSON: Could I be heard now as to that?

Hon. Mr. DUFF: You cannot deal with any argument against him until you have heard it, you know.

Sir WILLIAM MEREDITH: When will you be back?

Mr. HENDERSON: I cannot very well be back before the close of the argument.

Sir WILLIAM MEREDITH: That is very indefinite. Will you be back the day after to-morrow?

Mr. HENDERSON: I will not be back in the ordinary course of events for a week.

Hon. Mr. DUFF: There are some provisions in the Public Enquiries Act which, on a superficial reading of them, appear not to have any application to an inquiry of this kind. It might perhaps be well for counsel to consider what bearing it may possibly have. You might consider it, Mr. Hellmuth, with particular reference to anything in regard to Colonel Allison. It is five or six weeks since I read it.

The general effect of it is, that there shall be no finding without specific charges having been made.

Mr. HELLMUTH: That would destroy the whole thing.

Hon. Mr. DUFF: On a superficial reading of the Act I thought it had no application. But it might be well to look at it and see what possible bearing it may have.

Mr. HELLMUTH: I certainly will do that.

Mr. JOHNSTON: A finding of fact?

Hon. Mr. DUFF: I could not pretend to put accurately either the language or the effect of it.

Sir WILLIAM MEREDITH: My recollection is that it has application to a departmental inquiry, and not to the broad general inquiry which the early part of the Statute contemplates. However, you had better look at it and see whether that view be correct or not.

(The Commission adjourned at 5.15 p.m. until 10 o'clock to-morrow morning.)



# ROYAL COMMISSION.

TWENTY-SEVENTH DAY.

MORNING SESSION.

OTTAWA, WEDNESDAY, June 7th, 1916, 10 a.m.

Mr. CARVELL: In view of the statement read before this Commission in regard to Mr. Kyte, I wish to read a telegram that I have received this morning, and I want to state that this telegram came entirely of Mr. Kyte's own motion and not as an answer to anything that I may have sent or done, because as a fact, I have taken no notice whatever of the statement made regarding Mr. Kyte and have not conferred with him. It is dated St. Peters, Nova Scotia, June 6th, 1916:—

F. B. CARVELL, M.P.,  
Chateau Laurier,  
Ottawa, Ont.

Newspaper report Ewart stated before Royal Commission yesterday I charged Allison with perjury and Hughes with lying. I emphatically deny having criticised in any manner their evidence before Royal Commission or charged them as stated. I passed no judgment on the matter. It referred to evidence *re* Colts pistols before Davidson Commission.

Sir WILLIAM MEREDITH: Is there anything about this bank book yet?

Mr. HENDERSON: The mail does not reach Ottawa until about noon, but we are assured that not only the book but some cheques are on the way and will be here about noon.

Sir WILLIAM MEREDITH: Well, Mr. Hellmuth?

Mr. NESBITT: I understand that the contract is to arrive by the same mail.

Mr. HELLMUTH: Subject then to the production of the contracts between the Canadian Car & Foundry Company and the Recording & Computing Company of Dayton, Ohio, Mr. Ohmer's company, and subject to the production of the bank book of Miss Edwards with the cheques, I assume that the evidence is closed in this matter, and that it will not be necessary to actually await the receipt of these documents before proceeding with the argument in the case.

Hon. Mr. DUFF: It is quite clear is it, Mr. Hellmuth, that the information that I spoke about yesterday with regard to the deliveries of the graze fuses by the American Ammunition Company is in the record? You are quite clear as to that, are you?

Mr. HELLMUTH: I would have said yes, except for your inquiry now. I thought that during the examination of Mr. Cadwell—

Hon. Mr. DUFF: I do not think it was complete.

Mr. HELLMUTH: I thought it was given up to a date in April.

Hon. Mr. DUFF: I would like that information got, if it is not in.

Mr. HELLMUTH: If it is not in, perhaps you will allow that to be supplemented. That could be obtained by a statement from Mr. Flavelle of the Munitions Board, because they were practically all delivered after the Munitions Board came into existence.

Hon. Mr. DUFF: Quite so.

*Argument by Mr. Hellmuth:*

I do not and did not propose, as I stated at the outset to in any sense argue this matter, but it does seem that one should look into what is the scope of the Commission, and what is the subject of the inquiry.

The language used in the Commission itself on pages 1 and 2 of what is now in as evidence, after setting out the contracts of the Shell Committee of the 19th of June, 1915, between the International Arms & Fuse Company, and the contract of the same date between the American Ammunition Company, and a contract of the 16th of July which we have seen now, is an order by the Shell Committee to the Edward Valve Company and an alleged contract between the Shell Committee and the Providence Chemical Company of St. Louis, which we have learned from the evidence never existed or had any being. The order for the Commission goes on to say practically "that they shall inquire into the acts and proceedings of the Shell Committee, whether by themselves or by any other person or persons, directly or indirectly, and of the Minister of Militia and Defence, whether by himself or by any other person or persons directly or indirectly, in relation thereto or in connection therewith and into the negotiations therefor, the profits or prospective profits arising thereunder, the disposition, division or allotment of such profits, or of any commission or reward for procuring the said contracts or any of them and as to the persons interested in any such profits, prospective profits, reward or commissions, and generally speaking into all other acts, transactions and matters of every kind relating to the said contracts and each of them. Also to inquire into such other matters relating to the acts or proceedings of the Shell Committee as may be referred to by our said Commissioners by Order in Council from time to time."

That is the order itself. Now, that order as was pointed out by the Premier, Sir Robert Borden, in a copy of the report of the Privy Council, and in the proposed appointment of this Commission, arose as is stated with respect to matters alluded to by Mr. Kyte.

It is evident by a perusal of the speeches in Parliament, reported in Hansard, that certain allegations were made by Mr. Kyte, perhaps supplementary in some respects to allegations or statements made by Mr. Carvell, which certainly, if they did not charge, pointed to a corrupt connection of the Shell Committee and of the Minister of Militia. I say that they pointed to a transaction which was corrupt because the contracts made with the International Arms & Fuse Company and the American Ammunition Company were spoken of as nefarious transactions; and no possible meaning can be attached to the word "nefarious" except iniquitous, abominable, detestable, and a meaning of that description.

Now, any of the speakers who were—I will not say responsible for the issuance of the Commission—but whose statements were the basis of the issue of this Commission did point distinctly to the Shell Committee as having entered wickedly, iniquitously into this transaction. It may also be said I think that it charged the Minister of Militia with responsibility. I find for instance in the speech of Mr. Carvell on March 9th, at page 1625 of the official report of the debates, the unrevised edition, he says:

"We know there was an honourable gentleman of this House who was very brave here on Tuesday evening, simply dying to jump into the breach."

Looking back, that is General Hughes.

"He could not wait until this afternoon to answer the remarks I was making. He is the man who is primarily responsible for all these nefarious transactions, perhaps more responsible than any of his colleagues."

So that he had been alluding, among other things, to these fuse contracts. In fact, he goes on to say:—

"This is the man who is not here to-day to answer these charges,"—and he calls them charges—"but finds it necessary to go to Montreal to address some sort of a meeting before the Board of Trade, and then go south for his health. This is the honourable gentleman who will be consorting with J. Wesley Allison to-morrow morning in New York, and they will be consorting with a lot more of their ilk in the next few days, down in the balmy atmosphere of Florida."

Again he goes on:—

"This J. Wesley Allison, who the Minister of Militia says has saved this country and the Allies \$50,000,000 in the purchase of munitions, is the man who, along with Carnegie, a member of the Shell Committee—and I want to bring him in because he is just as responsible as Allison; he was in New York consorting with these gentlemen just as much as Allison was"——

Hon. Mr. DUFF: Whose speech is this?

Mr. HELLMUTH: Mr. Carvell's.

Hon. Mr. DUFF: I should not have thought that it had much bearing.

Mr. CARVELL: I want to say that I have no objection if my learned friend wants to give me another chance to make a speech. I thought this issue was being tried on the evidence, but if my friends want to go into the House of Commons and discuss these matters, nothing can give me greater pleasure.

Mr. HELLMUTH: I am endeavouring to the best of my ability to find out against whom charges were made.

Hon. Mr. DUFF: The charges made were made by Mr. Kyte. I am asking the question whether it is desirable to go into all the speeches made by everybody else? If you go into Mr. Carvell's speech I suppose we must go into the speeches made pro and con by other members of the House.

Mr. HELLMUTH: I would say no, with great respect, it is simply that Mr. Carvell in his speech calls them charges. Mr. Kyte follows that up by a complementary speech, it was a complement to it.

Hon. Mr. DUFF: Of course, I do not know, I have not read either Mr. Carvell's speech or Mr. Kyte's speech, but I find in the Commission a reference to Mr. Kyte's speech which leads to that. I am only suggesting, I do not see the relevancy; however——

Mr. HELLMUTH: If the Commissioners come to the conclusion that it is only Mr. Kyte's speech, and that there is nothing outside of Mr. Kyte's speech, I think one will find that practically everything in substance that has been alleged in regard to these contracts by Mr. Carvell was backed up by Mr. Kyte.

Hon. Mr. DUFF: I am only making suggestions.

Mr. HELLMUTH: All I wanted to point out was that there were charges made in regard to these contracts as being nefarious contracts, contracts which touched closely—and it must be assumed that they did touch closely—the Minister of Militia and the Shell Committee. It is hardly to be conceived that a Commission would have been issued unless some one in some sort of authority had been guilty of some impropriety at least; I cannot conceive that a Commission would have been issued to ascertain simply and solely what profits had been made by a contracting firm in the carrying out

of their contract, unless that language itself had shown or suggested that there must have been some rake-off or "graft" as it is commonly known by those in authority.

Hon. Mr. DUFF: I assume that there must be some statement at all events which, as made by Mr. Kyte, implicates somebody. All I am suggesting is that primarily at all events if you were to get assistance from speeches, you would refer to Mr. Kyte's speech. However, do not let me say anything more, because I am quite sure that what you are saying is quite in line with your duty to assist the commission, and I want all the assistance you can give me.

Mr. HELLMUTH: It will really be a very large duplication of this matter by Mr. Kyte of what Mr. Carvell has said, except that Mr. Kyte went into it more fully.

Mr. Kyte commencing on page 2371 says:—

Now, we will proceed to the contract for making fuses between the Shell Committee and the International Arms Company.

Then he proceeds to read a memorandum of association of incorporation of the company. Then he gives the American Ammunition Company as well, and having—

Sir WILLIAM MEREDITH: I do not want to interrupt, but you will find as part of the material attached to the commission this statement:—

The honourable member for Richmond, however, made statements late on Tuesday evening as to the connection of the Minister of Militia with certain contracts entered into by the Shell Committee, and as to the enormous profits or commissions arising out of these contracts to certain companies which he mentioned. It is alleged that Mr. J. Wesley Allison had a very large interest in those profits or commissions, and it is suggested that through his influence with the Minister of Militia, the Shell Committee were induced to make the contracts in question.

Mr. HELLMUTH: That is in the memorandum of Sir Robert Borden.

Sir WILLIAM MEREDITH: I should have thought there was no question that the whole scope of this inquiry was towards incriminating the Shell Committee, and especially the minister.

Mr. HELLMUTH: Certainly.

Sir WILLIAM MEREDITH: But I doubt if any commission would have been issued unless the Minister of Militia was affected by the charges made.

Mr. HELLMUTH: It may be said that in one place—speaking of another matter—it is said that we are not charging them with actually stealing money, but the whole context is that they have done something that is absolutely wrong and wicked and nefarious, and while they are practically called rogues, or at least it is suggested that they are—Colonel Allison is called specifically, practically a rogue, and it is said that those consorting with him are perhaps of a little more respectable brand of rogues, but none the less rogues. That is why this this commission was granted. It is absurd to suppose that the Commission would have been granted to see whether Allison had received a commission from some American firms who had obtained a contract.

I turn to what Mr. Kyte said in regard to this matter. After giving an account of these two companies, or a partial account at least, he goes on to say:—

The Shell Committee gives a contract to this mushroom company to manufacture shell fuses; the company have no factory, no capital, nothing; and the Shell Committee very complacently furnishes them with all the money to finance the undertaking.

Then the contract proceeds. Then he goes on and gives the contract; then the endorsement by General Hughes. Then he says:—

Mr. Speaker, it looks as if we were getting pretty close to Major General Sir Sam Hughes.

Then he reads the agreement which is now in, I think it is all in, of the 10th of June, between Yoakum and Bassick and Cadwell. Then he says:—

Think of that, Mr. Speaker—ten days before the contract was entered into between the Shell Committee and the American Ammunition Co. and the day before they are incorporated B. F. Yoakum, E. B. Cadwell and Company, and a man named Bassick entered into an agreement to divide the spoils arising out of the contract to be thereafter executed between, the American Ammunition Company and the Shell Committee of Canada. This, of course, meant the dividing up of one million dollars which was paid at the time, as this agreement shows.

Then it goes on to say:—

After they got the one million dollars from the Shell Committee they immediately proceeded to divide it for their trouble in negotiating the contract with the Shell Committee—and that is not to be investigated if Hon. gentlemen opposite can prevent it.

Then he goes on and talks of the iniquitous bartering of the interests of the country. Then on page 2380 he says:—

If you could not manufacture the shells in Canada, then you had a right to go to the United States, but did the Shell Committee make contracts with companies making fuses? No, they made contracts with middle-men, with mushroom companies, which divided up not only the profits but the advances that had been made to them by the Shell Committee. The Shell Committee advance to these people some three million dollars, and we know that amount was given them for the purpose of equipping factories.

Then there is a statement somewhere that neither of these two companies ever had made a fuse, or ever intended to make a fuse, and the fair result of that speech—and I assume that that subject will be before you Messrs. Commissioners—the fair result of that speech is that these contracts were really let as a blind to mushroom companies for the purpose of allowing somebody, either the General to whom they got close, or the Shell Committee, to obtain an advantage.

Hon. Mr. DUFF: You think that is the charge made by Mr. Kyte?

Mr. HELLMUTH: I do. I think that is the charge, that is one of them.

Hon. Mr. DUFF: You think that Mr. Kyte's speech charges that the Shell Committee knowingly let this contract as a blind, to mushroom companies, in order to enable this money to be divided up among people officially connected with the Government.

Mr. HELLMUTH: The Shell Committee or the General.

Mr. CARVELL: You allege that Mr. Kyte claimed that those were let to allow a million dollars to be divided up among the Shell Committee and the General.

Mr. HELLMUTH: Not the whole million, but in order that Colonel Allison and others could get that, that they knowingly let this contract.

Mr. CARVELL: I would like to see some evidence of that.

Hon. Mr. DUFF: I am only wanting to get the construction you are putting on it because you are assisting us in this matter of construction. I rather gathered you

said, just before Mr. Carvell intervened, the construction you put upon his speech was that he did charge, inter alia if you like, that the contracts were let as a blind to mushroom companies, with the expectation that this sum of money should be divided up as corrupt profit, among others with the General or the Shell Committee.

Mr. HELLMUTH: Yes.

Hon. Mr. DUFF: Or do you really mean to include them; or to be divided up corruptly among persons of whom Allison was one.

Mr. HELLMUTH: Yes, and the General through Allison would benefit, because the General was the gentleman who was consorting with Allison, as well as Carnegie, and they were locked together, or up in rooms together in New York.

Hon. Mr. DUFF: You say that is charged?

Mr. HELLMUTH: I say that while there is a very careful guarding of language so that you cannot lay your finger on any particular thing and say that charges, you cannot read that whole speech through without coming to the conclusion that the impression designed to be made upon the House and upon the country was that General Hughes and Colonel Carnegie at least, and the Shell Committee through Colonel Carnegie, were entering into nefarious transactions, by which a million dollars to their knowledge would be handed over to Allison, who was the person consorting with them, and that the General was induced, or at least was in some way forced to stand up for Allison as a person who had saved money, because he was more or less under his control as consorting with him. I say that is the meaning of that speech; and it undoubtedly was the impression that was created when the Prime Minister and others felt that it must grant a commission, because it would have been said after, "You had charges of this kind made, and you passed them by lightly." I entirely dissent from any attempt to say that this Commission was granted to inquire into any possible difference of opinion that there might be in regard to an honest contract. That was not what this Commission was—

Hon. Mr. DUFF: What do you mean by that?

Mr. HELLMUTH: I mean this that—I do not say for one minute there was—if there were any possible honest error in judgment, where there was no possible attempt to obtain any pecuniary or other advantage, that this Commission was not issued for the purpose. It was issued to inquire whether these contracts in question, and the one alleged contract, were contracts that were nefariously entered into—I use that word, with all the meaning in it—

Hon. Mr. DUFF: Just at that point; suppose this question were to arise; whether or not there has been misconduct in office on the part of somebody, I won't suggest whom, not involving personal corruption or dishonesty, and that these contracts were the result of misconduct in office, and that if these contracts had been carried out and not afterwards re-arranged, a very heavy loss would have resulted to the public. Do you suggest that is not a proper and fit subject for investigation?

Mr. HELLMUTH: If by misconduct—

Hon. Mr. DUFF: I say misconduct not involving personal dishonesty or corruption. We have not arrived at that stage I hope, at which misconduct in office is limited to personal dishonesty, personal corruption.

Mr. HELLMUTH: No, there may be misconduct in office; but if misconduct in office were to mean a mere error in judgment—

Hon. Mr. DUFF: No, surely nobody would say a mere error in judgment would amount to misconduct in office.

Mr. HELLMUTH: Then if it is misconduct in office in the sense that I understand misconduct in office, that is to say, that one has conducted himself practically—for misconduct in office there must be some wrong intention of some kind.

Hon. Mr. DUFF: Not necessarily, by any means.



Mr. HELLMUTH: Perhaps I do not understand it.

Hon. Mr. DUFF: Let me suggest this: suppose, for example, one were to come to the conclusion that Col. Carnegie exercised no judgment whatever, not merely no error of judgment, but no judgment whatever with regard to the letting of that contract for graze fuses; do you suggest that that would not be a subject for investigation?

Mr. HELLMUTH: I suggest that that would not be a subject of investigation in regard to the Shell Committee. He was the Ordnance Adviser of the Shell Committee.

Hon. Mr. DUFF: No, he was a member of the Shell Committee at the time.

Mr. HELLMUTH: Quite so, but he was Ordnance Adviser of the Shell Committee; and my submission would be, even if he had exercised no judgment, as long as he had thought he exercised a judgment—I am not now at all assuming that he said: “I will exercise no judgment, I will let this contract just as I see fit;” that of course would be gross misconduct—

Hon. Mr. DUFF: That is what I am suggesting. Let us suppose we reach this question: “I will let this contract just as I see fit, I am accountable to nobody for it so long as I keep within the prices mentioned in the five million order”—suppose that was his attitude, do you suggest that was not a subject matter for investigation?

Mr. HELLMUTH: I say if at that time he had an honest belief that he was letting—I am not dealing with the facts—but if he was dealing with them as he honestly believed, and if, as the fact was, he had an adviser such as General Pease approving of the prices, then I say it would not be misconduct.

Hon. Mr. DUFF: Of course I am not discussing the facts.

Mr. HELLMUTH: No, but we have to look at them when a question of that kind is raised. I quite concede that if any member of the Shell Committee took the mental attitude, “I am absolutely indifferent as to what price I get these fuses at; I will let them just as I please,” indifferent as to that, then that would be undoubtedly misconduct in office. If on the other hand he believed he had sufficient knowledge and that he was acting so far as he could up to his lights, then I say (this is my submission to the Commission) that that would not be misconduct in office.

Hon. Mr. DUFF: Let me suggest this other, suppose this question arose, suppose the question arose as to whether Col. Carnegie knowing of the change from time fuses to graze fuses placed the contract before the Committee and concealed from the Committee the fact that that change had taken place, and allowed them to exercise their judgment in ignorance of the fact that the change had taken place, and suppose he did that because he was embarrassed by the fact that he had made a mistake, do you say that would be misconduct in office?

Mr. HELLMUTH: Yes, that would be immoral conduct, that would be misconduct.

Hon. Mr. DUFF: I am only suggesting; these undoubtedly will be points of view which be suggested from which Col. Carnegie's conduct must be looked at. I am not suggesting for a moment that in my opinion that is the right way of looking at them, but I am putting to you that the position you seem to take that personal dishonesty and personal corruption are the only things that we are to investigate is really taking a rather narrow view.

Mr. HELLMUTH: I say this, without the *mens rea* there can be no misconduct. If he concealed—I assume you mean that he had the knowledge, and therefore deliberately concealed. If he did that it was misconduct on his part; and I should be the last person to suggest there could be any possible defence for him. As I say I am not dealing with the fact at all, but I want to point out my view. My view is that there must be something morally wrong, not merely an error of judgment—on errors of judgment this Commission can make no finding against any individual.

Hon. Mr. DUFF: I entirely agree with you, as to errors of judgment.

Mr. HELLMUTH: Then it is something morally wrong.

Mr. JOHNSTON: Wilfully.

Mr. HELLMUTH: Wilfully wrong. There must be the mind going to do something that is morally—I am saying legally—morally wrong.

Hon. Mr. DUFF: Of course you see there are degrees of moral culpability. A man does a thing more or less from sheer obstinacy or sheer self-sufficiency and so on, and the line between wilful negligence or wilful neglect and gross negligence is sometimes a difficult one to draw.

Mr. HELLMUTH: Mr. Commissioner, supposing there were four generals who say a certain course of conduct should be taken with regard to certain manœuvres, and there was one general above them all who took an entirely different view, and was, we will say, so obstinate that he persisted while he had command in adhering to that view; he could not be in my view held guilty of official misconduct, although he was so obstinate that he would not take the other view, as long as he was doing what he believed to be his duty with what he conceived to be his superior knowledge, although in fact he had not, as results turned out, that superior knowledge.

Hon. Mr. DUFF: I quite agree with that.

Mr. HELLMUTH: Let me bring it closer, supposing that Col. Carnegie—and I am not saying, I hope you won't take in anything I say in regard to Col. Carnegie's conduct that I am expressing any opinion whatever, for I am not—but supposing Col. Carnegie had said to the Shell Committee "This contract with A. is an infinitely better contract than the contract with B., and as a matter of the Shell Committee, and as Ordnance Adviser, I want you to sign that contract with A."; unless he had an ulterior motive, or anything beyond what he believed in his own mind to be the proper course, I would submit that, although it turned out that the contract with B. was an infinitely better contract than the contract with A., which he had induced them to sign, still he could not be held guilty of official misconduct.

Hon. Mr. DUFF: I quite agree with you, as to errors of judgment.

Mr. HELLMUTH: But my submission to the Commission is that the whole gist of these charges is that the General for purposes of his own—I do not care whether they were individual or not—for purposes of his own—

Hon. Mr. DUFF: Inconsistent with his public duty.

Mr. HELLMUTH: Inconsistent entirely with his public duty, and in order to favour some one brought influence to bear to induce the Shell Committee to grant these contracts to Allison's friends, and, as it is alleged, Allison was connected with the subsidiary companies to whom these contracts were let. All I have got to say can be said now in a very few words. I can find not only no conflicting evidence, but no evidence at all before this Commission of a single corrupt or improper act in regard to these contracts on the part of the General. We have been here twenty-eight or thirty days on this investigation and there has not been a tittle of evidence that shows General Hughes to have corruptly, or for his own advantage—no witness has suggested it—induced the Shell Committee to grant these contracts to these parties; and so far as the Edward Valve contract—

Sir WILLIAM MEREDITH: Is there any evidence that he induced them to grant the contracts at all?

Mr. HELLMUTH: I am coming to that. Not only that, but there is no evidence that he brought the slightest pressure of any kind. The only evidence in regard to the General is that he told General Bertram, and possibly Colonel Carnegie, when he thought the price for these fuses was more than ought to be given for them, he told them to see Allison and to get him to try and break prices.

Hon. Mr. DUFF: There is a little more evidence than that. There is the evidence that when he came back and found out that this graze fuse had been let he made a row about it.

Mr. HELLMUTH: That may be. I am going into the evidence on which there could possibly be any finding, if there were any, that could be discussed on, but I am not able to find—I am dealing from the negative side now—and I am not able to find a tittle of evidence of a single witness that points to the General, may I use the word, of consorting with Allison to bring about these contracts, not a particle; nor is there any suggestion—there is in fact a sworn statement the other way, but I am not dealing with that—that the General had any participation or anything to do with the letting of these actual contracts. It is true that his name is on them, but that has been shown that he was called in at the last minute in order that they might have somebody that they thought would give these companies a binding right. That is so far as the General is concerned.

Then so far as the Shell Committee is concerned and leaving out for the moment Colonel Carnegie altogether, what evidence is there, what suggestion can be made that the Shell Committee on the evidence were in any way forced or pressed by anybody except the exigencies of the circumstances into letting these contracts to these two companies? As to the Edward Valve Company, surely that is too clear for anything. It is perfectly plain that at the time the order was made—and that was all it was, an order brought about by reason of the fact that Canadian manufacturers of cartridge cases at the time had no cartridge cases to deliver, and it was an order that in its business sense was about as prudent as anything could be, because it did not bind the Shell Committee in any way unless the cartridge cases were delivered; and as I say the General had nothing to do with that. Now, where is there evidence for I have looked for it, that the Shell Committee in regard to these fuse contracts had the very slightest ulterior motives, that they were actuated by anything except a sense of getting these fuses as rapidly as possible? Surely the whole matter in that respect is all one sided. It is not a case that if there were any evidence it might be one's duty to discuss it, but there is not any evidence that I can find that any member—we can leave out the military members—that any of the members—we know who they are, Colonel Cantley, Mr. E. Carnegie, and the Chairman, General Bertram—we have had every one of those gentlemen examined, and they have been in the box for cross-examination, and there is no suggestion, there can be no suggestion made, that there was an improper motive influencing any one of them in the granting of these contracts. As I say, I am not dealing with the matter of a question of judgment, that is not for me to do.

Now, as to Colonel Carnegie; the Commissioners have seen Colonel Carnegie. It is I think, difficult to conceive what possible motive could be suggested for Colonel Carnegie to give contracts to any one except as he thought it was right to give them. If, of course, he was acting in concert with General Hughes, or some members of the Shell Committee, by which he was to receive remuneration, rewards, or something, for doing it, then we would have a motive; but there is no such suggestion; and leaving outside his judgment, can there be any suggestion on this evidence that he was influenced by anything else than what was his judgment in regard to the matter. All I can put before the Commissioners is this: surely in a case of this kind it is impossible to conceive of a more utter failure of anything approaching what is known as evidence in regard to impropriety of anybody who is an authority here in this country in this matter. If the facts which have come out here day by day had been known at the time when this Commission was issued, is it conceivable that anybody would have even had the hardihood to suggest that a commission should issue at that time?

Hon. Mr. DUFF: That is a very strong statement, you know.

Mr. HELLMUTH: Perhaps it is.

Hon. Mr. DUFF: I must say for myself—I am not saying that the burden has not been met—but I must say, speaking for myself I think a very heavy burden of explanation lay on Colonel Carnegie in respect of that graze fuse contract. I have had a great deal of difficulty in understanding it. I think I ought to say at once having said that, that with regard to corruption or personal dishonesty in connection

with it, subject to what Mr. Carvell has to say about it, it is not proved; but to suggest there is nothing in the conduct of these gentlemen to investigate and nothing to explain is really going a very very long way.

Mr. HELLMUTH: I would not make the statement unless I thought what I was saying. I say now, taking your Lordship's own words, if there is no suggestion of corruption in regard to Col. Carnegie, that the Prime Minister of Canada—

Hon. Mr. DUFF: I said personal corruption or personal dishonesty; but I am not at all impressed with the suggestion that you have made.

Mr. HELLMUTH: If there is no suggestion of any personal corruption on this evidence, or personal dishonesty, directly or indirectly of General Hughes or the Shell Committee, then I still adhere to what I say, that nobody had a chance of suggesting that an investigation would be ordered.

Hon. Mr. DUFF: I am sorry if that is the state of feeling with regard to the conduct of public affairs in this country, I think it is a most unfortunate thing.

Mr. HELLMUTH: I do not want to enter into a controversy with you, Mr. Commissioner, but I think it would be a far more terrible thing, if because of some ordnance adviser a member of the Shell Committee—

Hon. Mr. DUFF: I am not suggesting a mere mistake of judgment; don't let us get back to that at all. What I do say is that the circumstances, the facts with regard to that contract cast upon these gentlemen, this one gentleman in particular, a burden of explanation, and I am bound to say that the explanations are very difficult for me to follow. That is a very different thing from saying that there is any ground whatever for fastening a charge of personal dishonesty or corruption on anybody.

Mr. HELLMUTH: I am afraid it may be want of understanding—

Hon. Mr. DUFF: I expect I am saying too much.

Mr. HELLMUTH: I would like at all events to say, with your permission I will say it, that I cannot conceive a state of affairs which would justify the issuing of this commission if in the stress of a business which—

Hon. Mr. DUFF: Is it not rather academical? We have the commission, and we have to deal with the scope of it as it is.

Mr. HELLMUTH: Quite so, and I do not want to go in any way beyond what I conceive to be my duty. It seems to me that here the charges, the real charges have absolutely fallen down. The real charges that have been made here were not intended to strike—may I say with all respect to Col. Carnegie—so insignificant a person as a gentleman who came from England to be the guide and assistant of the Shell Committee. Surely they were intended to get at our own Canadians here who had done wrong, if they had done it. It was not intended that some English gentleman who had come out here to be an assistant was to be the person for whom this commission would be issued. That at all events, would strike me. I submit that what was intended by this commission was to see if there had been impropriety in high places, meaning by high places those who were in charge of such an important work as the supply of munitions, or a person occupying so distinguished a position as the Minister of Militia, and it was in regard to that, it was to make the people of this country feel that their affairs were being handled by those who were incompetent, through influence, graft or some other improper conduct, and who would enter into nefarious transactions; and I find no evidence to support it.

Sir WILLIAM MEREDITH: Mr. Johnston, we might hear you now.

Mr. JOHNSTON: I understood that I might not be called upon until after Mr. Carvell. I have only got about half way through reading the evidence and if you will call upon me a little later on I shall be more condensed perhaps in what I have to say.

*Argument by Mr. Carvell:*

Mr. CARVELL: I am very much disappointed, Messrs. Commissioners, at the answer which I am compelled to make to my friend Mr. Hellmuth.

I have both publicly and privately, congratulated Mr. Hellmuth personally and his friends on the fair manner in which he has conducted this investigation up to this moment.

To find my friend now abandoning the high position he has occupied up to the present time and assuming the position of a political advocate, as he has done this morning, is a matter certainly of very great dissatisfaction and disappointment, to me at least.

My learned friend has been compelled to put up a man of straw which never existed in the minds of any person present except himself and his friends, in order to knock it down for the purposes of argument.

He started to travel into the realm of the discussion which took place in the House of Commons. As far as I am concerned, I am not going to follow him at the present time, because I have always during my whole lifetime tried to discuss matters that are at issue, as a lawyer should, and I want to discuss this matter from the standpoint of the evidence which has been brought before the Commission, and upon no other.

If my friends want to go into the discussion which took place in the House of Commons, or into anything else than the evidence before the Commission I shall claim the right from this Commission to reply to them.

I always try to take my chances in any kind of a fight, let it be in the most dignified manner possible, or in the rough and tumble fight in the House of Commons or on the hustings. But I am going to try and discuss this matter from the standpoint of a lawyer, and to discuss it on the evidence.

Mr. Hellmuth has stated what in his judgment was the reason for the creation of this Commission.

I am afraid Mr. Hellmuth has not properly read history. He would only have to go back to January last, when he would find that a discussion was started in the House of Commons over the question of the doings of the Shell Committee of Canada.

If he would come down a little farther, I think to the 7th day of March, he would find that a resolution was introduced in the House of Commons by the Right Honourable Sir Wilfrid Laurier, the leader of the Opposition, asking that a Committee of the House be appointed for the purpose of investigating all contracts, and the purchase of all supplies and goods made by or through the Shell Committee of Canada.

A discussion took place upon that resolution, which was participated in first by Sir Wilfrid Laurier, then by Sir Robert Borden, then by myself, then by the Solicitor General and I think by Dr. Pugsley, and later on by Mr. Kyte and a number of other gentlemen.

Mr. Kyte was discussing the resolution which had been introduced by Sir Wilfrid Laurier, wherein he was asking, or I should say we were asking—because it was a political matter, and there was no use shutting our eyes to that fact, it was a political discussion in the House of Commons, and we were asking that a Committee of the House be appointed to consider all the doings of the Shell Committee.

After discussing the subject (and I am not dragging in any political issues) the Government in their wisdom decided not to grant a Committee of the House, as we claimed we had a right to, but they said they would appoint a Royal Commission for the purpose of investigating, not all the doings of the Shell Committee, not a hundredth part of the doings of the Shell Committee, but for an investigation of four contracts alleged to have been made by the Shell Committee, namely:—

1. A contract with the International Arms and Fuse Company;
2. A contract with the American Ammunition Company;
3. A contract with the Edward Valve Company, and
4. A contract with a certain company regarding picric acid.

Sir WILLIAM MEREDITH: Merely a matter of history, Mr. Carvell, was the resolution to which you refer not voted down?

Mr. CARVELL: It was voted down after the Commission was appointed. It must have been a week after the Commission was appointed.

Sir WILLIAM MEREDITH: Is there any doubt, Mr. Carvell, that no permission would have been given unless the Minister had been affected?

Mr. CARVELL: I don't know that, my lord.

Sir WILLIAM MEREDITH: I have always thought that.

Mr. CARVELL: That may be, and that is the man of straw Mr. Hellmuth has been putting up here to-day.

I do not know what was in the minds of the Members of the Government. I tried hard to get an investigation into all the doings of the Shell Committee, and I failed.

Through the actions of myself and of Mr. Kyte, we have succeeded in getting an investigation into a very, very small portion only of the doings of the Shell Committee which we were able to point out had been carried out, not in Canada but in the United States. If I were allowed to draw motives, or to suggest motives, I think I would be justified in going so far as to say that they had very little idea that we would get as much evidence as we did get. I will not go any further on that point.

But we had sheafs of evidence in Canada, we could have brought nearly every manufacturer in Canada---

Hon. Mr. DUFF: Don't you think you are going too far, Mr. Carvell? You said just a few minutes ago that you were going to stick to the issues as a counsel. The suggestion was made to you with a view to the construction of the Commission and the question as to the bearing of the circumstances surrounding the construction of the Commission.

Mr. CARVELL: I appreciate that, Mr. Commissioner, and I am going to keep within the limits I laid down for myself.

Hon. Mr. DUFF: I felt sure that you would.

Mr. CARVELL: But when I am asked what I thought was in the minds of the Government, I am human and have very strong opinions upon what was in the minds of the Government at certain times, and I was trying to give what was in my mind.

Probably what I think about them is not very material, except to say this, that if Mr. Hellmuth can read the speech of Mr. Kyte in such a way as to say that he charged either Colonel Carnegie or General Hughes with misappropriating public funds deliberately and willingly and putting them in their own pockets, he certainly is going I think very much further than Mr. Kyte intended to go.

Sir WILLIAM MEREDITH: I thought Mr. Hellmuth's point was that he had corruptly and improperly entered into contracts to enable Colonel Allison to put money into his pocket.

Mr. CARVELL: That may be Mr. Hellmuth's version of Mr. Kyte's speech; I do not know. That may be correct. Mr. Kyte never told me what his version of his speech was. I must say that I listened to Mr. Kyte very intently, in fact I sat alongside of him or he stood alongside of me when the speech was being made; and I think I have a pretty good knowledge of what was running through Mr. Kyte's mind at the time.

Hon. Mr. DUFF: It is not so much after all what was in Mr. Kyte's mind, and it is not what people may infer from the statements of fact he made either, which I think is responsible for a good deal of what Mr. Hellmuth said. The question is, what is a fair construction of Mr. Kyte's speech in so far as it bears upon the construction of the Committee.

Mr. CARVELL: I am going to give the Commission the construction Sir Robert L. Borden put upon it, and I cannot put anything better before the Commission than Sir Robert Borden's speech.

The day after Mr. Kyte made the speech in Parliament, Sir Robert Borden sent a cablegram to the Minister of Militia in London and to the High Commissioner in London, and a third cablegram supplementing to some extent what was left out of the first one. I am going to go over all that seriatim.

It is not a question of what was in Mr. Hellmuth's mind, or in my mind, but what was in Sir Robert Borden's mind the day after the speech was made, because the next day after this cablegram was sent Sir Robert Borden brought down a statement to the House stating that he had appointed this Commission.

That is the best evidence of the true interpretation of Mr. Kyte's speech.

I wish to refer also to a statement made here a number of times, that these are charges or that these are not charges, statements made that I had commenced to run away, some weeks ago.

I have been at this game long enough, Messrs. Commissioners, to know that I expect to be pounded in certain portions of the press on matters political. This is not my first experience in political investigations, and possibly it may not be my last. I do not find any fault with that. I expect it.

But I say that these are not charges in the formal sense of the word as understood in Parliament.

Do not let any person say that I am trying to get away from them. I want to stand by every word Mr. Kyte said. I also say that I go farther than Mr. Kyte went, and I go farther because the evidence justifies me in going farther.

If you will read what was said by Sir Robert Borden in Parliament (page 4 of these proceedings) you will see what is meant by a charge in Parliament.

Referring to what he had said on a former occasion, the Prime Minister said:—

If a member of this House desires to make a charge against any member of the Government, or any member of the House, the proper course is for him to rise in his place, make a personal statement on his responsibility as a member of the House, and conclude the statement with a charge.

That is a matter of practice so elementary that I am surprised that there should be any discussion about whether these were charges or not. They are not charges, in the Parliamentary sense.

Sir Robert Borden continued:—

This has not been done, and thus the course which I am about to announce is, strictly speaking, not demanded by any action which honourable gentlemen opposite have taken. No one of them has risen in his place and taken the responsibility of making a charge in the sense above set forth.

The Honourable Member for Richmond, N.S. (Mr. Kyte), however, made statements late on Tuesday evening as to the connection of the Minister of Militia with certain contracts entered into for the Shell Committee, and as to enormous profits or commissions arising out of these contracts to certain companies which he mentioned.

I am not going to spend any time on the question whether these are statements, or charges.

I only divert to this in order to be understood in regard to what I meant a week ago when I made a statement, which was heralded from one end of Canada to the other that Carvell was ready to abandon the whole thing and that I was in full retreat.

I am not very much given to retreating. If my friends think I propose to retreat from the attitude of getting at the bottom of the work of the Shell Committee of Canada, they have three or four more thinks coming to them. I am alive yet, and there are other opportunities which will no doubt arise.

Sir Robert Borden read his cablegram to the Minister of Militia at London:—

OTTAWA, March 29, 1916.

HUGHES, London.

Following is synopsis of Kyte's statement in Shell Committee debate last evening.

On May 25 American Ammunition Company was incorporated. Minimum capital one thousand dollars and maximum one million.

Is that not proven, I will ask of my friends, even Mr. Hellmuth, who now becomes the chief apologist for the Shell Committee? Are any of these gentlemen prepared to say that that is not proven?

We have in evidence a copy of the Act of Incorporation, or Letters of Incorporation of that company, and it is a fact that the maximum capital was one million and the minimum capital one thousand dollars, exactly as Mr. Kyte stated.

On June 19 last a contract was made between the Shell Committee and this company for the purchase of two million five hundred thousand fuses.

Hon. Mr. DUFF: Which one is this?

Mr. CARVELL: This is the American Ammunition Company, sir. Sir Robert Borden omitted to make any mention of the American Ammunition in this cablegram.

He followed it up the next day by another cablegram, which is to be found on page 5. The two will be read together:—

It was signed by E. B. Cadwell as President of the Company, by General Bertram for Shell Committee and ratified and confirmed by General Hughes "in accordance with authority duly conferred upon me by his Britannic Majesty's Government."

Is that not true? Has that not been proven to the hilt?

The document is in evidence, not produced by our side of the house but Mr. Cadwell himself.

There was to be an advance of dollars one million, forty-one thousand six hundred on execution of agreement, and dollars five hundred and twenty-three thousand, eight hundred during first four months to assist Company in financing contract.

Is that not true? Nobody denies it.

"On June tenth, 1915, ten days previously, an agreement had been made between B. F. Yoakum, E. W. Bassick and Cadwell reciting the Shell Committee had agreed to purchase two million five hundred thousand fuses from a manufacturer to be designated E. B. Cadwell & Company, that Yoakum, Bassick and Cadwell and Company were together instrumental in negotiating and effecting said contract that Cadwell & Company, Yoakum and Bassick were together entitled to receive as their commission for negotiating and effecting said contract the sum of one million dollars in the whole being at the rate of forty cents per fuse. The agreement went on to divide this amount four hundred and seventy-five thousand to Yoakum, two hundred and seventy-five thousand to Bassick and two hundred and fifty thousand to Cadwell & Company. The total was to be received by Cadwell & Company in first instance in trust for all. Yoakum and Bassick agree to continue to use their best endeavours to bring about the execution and delivery by said Shell Committee of said contract for two million five hundred thousand fuses. Following or annexed to this is an agreement signed by the American Ammunition Company by E. B. Cadwell, President, to cause to be paid to Cadwell & Company forty cents per fuse in accordance with the foregoing agreement if the contract for two million



five hundred thousand fuses in such agreement mentioned is granted to us in acceptable form by Canadian authorities."

Is there one word in Sir Robert Borden's understanding of this contract that has not been proven to the hilt?

Sir WILLIAM MEREDITH: I do not understand that that is in accord with what Mr. Kyte charged. As far as I can gather from the documents Mr. Hellmuth read, you have read something to the effect that Mr. Kyte charged that a million dollars had been paid over in cash and divided. He mentioned that.

Mr. CARVELL: I am wrong. Well, Mr. Commissioner, Mr. Hellmuth has taken Mr. Kyte's speech and has given a garbled portion of it here.

Mr. HELLMUTH: I object to that statement. I did not garble anything. I read the speech. I read it from the speech.

Mr. CARVELL: If Mr. Hellmuth wants me to use the word "disjointed"—

Hon. Mr. DUFF: Why not say "disconnected?"

Mr. CARVELL: All right, I will say disconnected.

Hon. Mr. DUFF: "Garbled" implies something more than the mere physical fact.

Mr. CARVELL: Mr. Hellmuth has just read disconnected portions of Mr. Kyte's speech; he has placed his own interpretation upon it, while I am giving the interpretation of Sir Robert Borden as cabled to the Minister.

Sir WILLIAM MEREDITH: Does it require any interpretation, if what he read he read correctly—as I have no doubt he did?

Mr. CARVELL: A few lines.

Sir WILLIAM MEREDITH: That one million in cash was received and divided.

Mr. CARVELL: Who said that?

Sir WILLIAM MEREDITH: Isn't that in that speech?

Mr. CARVELL: I think so, but he did not read all of it.

Sir WILLIAM MEREDITH: Is there anything in the speech to qualify that statement?

Mr. HENDERSON: Where does Mr. Carvell find it?

Mr. CARVELL: I can only talk about one thing at a time. I will come to that in a little while.

Sir Robert Borden goes further:—

"At some date prior to January, nineteen fifteen, J. Wesley Allison and Eugene Lignanti had entered into an agreement to use their best endeavours for their mutual profit to procure as brokers contracts for supplies of exports to certain European countries. Later Benjamin F. Yoakum became associated with them. In September, 1915, apparently because it was decided that Lignanti should withdraw, an agreement was made fixing the terms upon which certain commissions and profits should be divided among them. This agreement recites that Yoakum procured contract of June 19, for American Ammunition Company from Shell Committee and declares Lignanti entitled to fifty thousand dollars out of payment by Company to Yoakum. Kyte asserts Allison and Yoakum were to share together in amounts remaining after Lignanti was paid."

Is that not true?

Sir WILLIAM MEREDITH: I think that is a mistake. I thought \$30,000 came first out of it, then \$50,000 came out of some further share.

Mr. CARVELL: But substantially is it not true? There was an agreement between these men; it is true that Yoakum says he was not a partner of Lignanti, but Allison says he was.

It is true that Lignanti prepared a written agreement, gave one copy to Yoakum and one copy to Allison. They did not sign it. Mr. Kyte never said it was signed.

When Sir Robert Borden asked him what he was reading, he said he was reading from a statement.

There has been a lot of talk made, not here (I will admit that) but outside, that such an agreement never existed.

But such an agreement did exist, and it was brought here, not by my side but by the other side.

Both Allison and Yoakum swore that there was an agreement in the minds of the parties themselves. The best evidence of that is that they have actually agreed to pay \$50,000 to Lignanti as a result of that agreement, and that his associates, Allison and Yoakum, were to share together in amounts after Lignanti was paid.

"Kyte asserts Allison and Yoakum were to share together in amounts remaining after Lignanti was paid."

That is true, it turns out now. The agreement as produced here did give the balance to Yoakum and Allison.

It is true that some difficulty arose between them and one of their conferrers, a Mr. Craven.

We are particularly concerned with that part of it, and I am disappointed, I will say to Mr. Hellmuth, that Craven was not produced so that we might have his evidence.

However, they have agreed to pay Craven \$30,000. That leaves them the whole \$475,000 less \$30,000 to be divided between Yoakum and Allison.

Is there any doubt about it? Haven't they agreed to and proceeded to divide up the whole balance of the \$475,000 less \$30,000 among the two of them? Surely nobody can doubt that they are dividing that amount up and carrying out that agreement, even in face of the fact that a million and a third dollars have been taken off their profits by the present Munitions Board, still they are carrying out the agreement.

"Then he alleges another contract procured by Yoakum from Shell Committee for Edward Valve Company to furnish 500,000 cartridge cases and that twenty thousand dollars commission less two thousand five hundred paid to Lignanti was to be divided between Yoakum and Allison."

Was that not true? Is it not true that there was an agreement made with the Shell Committee by which the Edward Valve Company were to have the privilege (to be perfectly fair) of furnishing five hundred thousand brass cartridge cases, on which Yoakum was to get \$20,000 if it had been carried out, or 4 cents apiece, and Yoakum was to divide that up between himself and Allison, share and share alike, with the exception that Allison was to give Lignanti I think, \$2,500?

"Kyte also alluded to many other transactions in which Yoakum and Allison were to receive and divide commissions of very large amounts but on inquiry none of them are found to relate to Shell Committee." That is true. There were other matters. They did not refer to the Shell Committee, and therefore we have not investigated them.

In addition to that, Sir Robert Borden sent a cablegram to the Acting High Commissioner.

To show what was in his mind, I will read this:—

I also addressed yesterday a cable to Sir George Perley giving a synopsis of Mr. Kyte's statement in the House in the same words as the synopsis cabled to General Sir Sam Hughes, and concluding as follows:—

The Minister's relation to Allison as described by himself in Parliament is so close that, although the expenditure is by the British Government and although such inquiries are unusual during progress of war, I feel it my duty to have Royal Commission issued forthwith to inquire into matters relating to Shell Committee above outlined, namely, fuse contract with American Ammunition Company and Cartridge case contract with Edwards Valve Company. Please inform Colonial Secretary.

Sir Robert Borden also sent a further cablegram on the 30th of March, as follows:—

PERLEY, Dominion,  
London.

Referring to my message of yesterday the Commission will include inquiry into contracts made by the Shell Committee with the International Arms and Fuse Company and a contract of which we can find no trace alleged to have been made by the Shell Committee with the Providence Chemical Company of St. Louis, for picric acid. Please inform Colonial Secretary.

There we have the interpretation put upon Mr. Kyte's speech by Sir Robert Borden. I do not care two straws whether they are called charges, whether they are called statements, or whether they are called nothing at all. They are here, before this Commission. They were brought here, and I am very glad of it.

I stated publicly, and I repeat here that we wanted this whole matter brought before a Committee of the House because we believed it was the constitutional method and that it was our constitutional right to have these matters investigated.

The Government decided to hand it over to a Royal Commission, so of course we are here, and I hope there will not be any feeling (and I know there will not be) that we are objecting to the Commission. We requested that the matter go before a Committee of the House, and we wanted it to go there because we thought it was our constitutional right.

I want to discuss for just a moment the organization of this Shell Committee and some of its general functions, because I do not think I can intelligently get down to the real discussion of the case without first referring to that matter.

I can hardly understand the object that my learned friend had in going into the original organization of the Shell Committee, but he did so and I am not going over the details of it.

Mr. HELLMUTH: I don't know that I said anything about the original organization of the Shell Committee.

Hon. Mr. DUFF: Mr. Carvell means, in presenting the evidence.

Mr. HELLMUTH: I thought he meant just now.

Mr. CARVELL: No. I am not going into the details of it at all, except that we must have an understanding of the position of those gentlemen before we can intelligently discuss the fuse contracts.

It turns out that the Committee was a Committee formed by General Hughes very early in the conduct of the War, for the purpose of manufacturing shells in Canada.

We got into the history of the 100,000 15-pr. and 100,000 18-pr. shrapnel shells. On the first day of October a contract was drawn by which four gentlemen of this Shell Committee became absolute contractors with the British Government or the War Office through General Hughes.

It is, to say the least, a most remarkable thing that right down to the formation of this Commission no person outside of half a dozen had the first idea in the world that these men were acting as contractors and not as trustees. We thought they were acting as trustees charged with the duty of furnishing munitions of war as quickly and as cheaply as they could under all the circumstances.

Now these gentlemen come here and say in the frankest manner that they did not occupy that position at all. They say they were there as contractors, with the War Office, that they had signed contracts with the War Office to furnish them with munitions of war at certain fixed prices, and that so long as they furnished those munitions within those prices it was none of their business.

I am perhaps putting my own construction on what they did. I think I am using almost their exact language.

They also say that as a result of their operation down to the time they ceased work, as a commission, they had made or saved 32 millions of dollars.

Hon. Mr. DUFF: That is not in the evidence, is it?

Mr. CARVELL: Yes, sir.

Hon. Mr. DUFF: No. That document which was read never went in.

Mr. CARVELL: I beg your pardon.

Hon. Mr. DUFF: No, it never went in.

Mr. CARVELL: Yes, it did.

Hon. Mr. DUFF: No. It never was admitted.

Mr. CARVELL: It was printed, anyway.

Hon. Mr. DUFF: But it did not go in at the time. My attention was called to it at the time. It should never have been put in that book and should never have gone out as part of the evidence before this Commission.

Mr. CARVELL: It is on page 138 of these proceedings.

Hon. Mr. DUFF: But it should not be there. It should not have been given out.

Mr. CARVELL: Of course it is there, put there for a purpose.

Hon. Mr. DUFF: Perhaps it would be just as well not to say that.

Mr. CARVELL: Not an improper purpose, but on purpose to show what wonderful things the Shell Committee had done. I do not think I am at all unfair in making that statement.

Hon. Mr. DUFF: I misunderstood you when you said "for a purpose." I thought you meant some ulterior purpose.

Mr. CARVELL: No, to show the people of Canada what wonderful things the Shell Committee had done, that they had so well conducted their affairs that they had actually saved to the War Office 32 millions or 34 millions of dollars.

But they turn around and say, with the next breath that they could buy at whatever prices they liked as long as they did not go beyond the prices set by the War Office.

That was what we wanted to find out in Parliament. We wanted to find out how the Committee had acted, and whether they had acted as trustees or otherwise, although at that time we had no knowledge that they occupied any other position than that of trustees.

I am bound to say from the evidence that these gentlemen did not intend to put the 34 million dollars into their pockets. They say they did not, and I would be very sorry to charge anybody with having any such an idea.

But what I do contend, and what I hoped to be able to put before the Committee (but it was ruled out) was that while these gentlemen did save 34 million dollars on the prices granted by the War Office, if they had acted as trustees should have acted, if they had got down to the lowest possible amount, instead of having 34 million dollars they possibly could have had 68 million dollars in their transactions with the War Office.

Those are the things I started out to investigate, and I cannot but state to this Commission that I feel very bitterly over the fact that we were refused although I want to admit fairly that the terms of this Commission are very narrow.

I am finding no fault with the Commission for so interpreting the Order in Council. They interpreted the Order in Council absolutely honestly, and said that we could not go into the investigation of the contracts for shells. I find no fault with that, but I do complain that the people of Canada are not to be allowed to have the information as to how much money should have been saved by the Shell Committee as compared with the amount of money they did save as given by their own statement.

That brings me down to the question of fuses.

I want also to say here that the Shell Commission cannot serve two masters at the same time, that they cannot serve God and Mammon.

Hon. Mr. DUFF: You said Shell Commission. You mean Shell Committee.

Mr. CARVELL: I beg your pardon. I meant the Shell Committee. They cannot say one day that they were trustees (and this applies to General Hughes, because the Shell Committee was General Hughes, and he was speaking for the Shell Committee) they cannot say that they were responsible trustees, in one breath and in the next say that "It is none of your business, so long as we bought the munitions below the price set by the British Government." They have to take one horn of the dilemma or the other.

I have been somewhat surprised, during the course of this investigation, when even Colonel Carnegie was driven to the last ditch on the question of the prices of fuses, and was compelled to say that "It is none of your business, as long as the completed shell was brought within the limits prescribed by the War Office."

I admired the attitude of Colonel Watts. He never wavered for a moment from the point that they were contractors, that it was their business and nobody else's, what they paid.

Sir WILLIAM MEREDITH: That is not quite it.

Mr. CARVELL: He was very careful in saying that they never intended to take any profit.

Sir WILLIAM MEREDITH: He said that down to the time the contracts were signed; after the contracts were signed it was his duty.

Mr. CARVELL: I am talking of after the signing of the contracts. That was done so early in the business that I do not make any reference to it.

As I say, I did admire the stand taken by Colonel Watts. He claimed that legally and as a matter of fact they were contractors and that it was nobody's business, but that they did not intend to take any profits. I believe him.

But again, if Colonel Watts had been a trustee I have sufficient faith in the gentlemen to believe that they would not have been giving contracts for shells at about three times what they were worth to make them.

I make that statement because I have some little evidence from one or two of the witnesses to back it up. One I think is Mr. E. Carnegie.

I come next to the contract for these fuses. Just before that there had been considerable negotiations going on in Canada regarding the production of fuses—I hardly know when it first started, and I am not going to bother quoting from the evidence very voluminously—but suffice it to say anyway that after Colonel Carnegie returned from England some time in the month of January 1915, a great deal of discussion took place with people in Canada and outside of it regarding the production of fuses by the Shell Committee.

Colonel Carnegie first went to Mr. Nicholls, the General Manager of the Canadian General Electric Company, and you will remember that he wanted Mr. Nicholls to make a small number, some 20,000 time fuses at cost. Mr. Nicholls said that he would make them at cost provided Colonel Carnegie would allow him the cost of his machines as well, that he could not afford to do any better than that on such a small order, or something to that effect.

However, nothing came of these negotiations. A gentleman from the United States then appeared upon the scene, a Dr. Harris. Just here I want to make an observation or two regarding Dr. Harris and I will be through with him.

Mr. Kyte made no reference whatever to Dr. Harris or to Dr. Harris' company other than to give the incorporation of the company, which was on the 10th day of June, and he stated that they had a million and a half dollars of authorized capital, and a subscribed capital of three thousand dollars. This has all been proven by the documents themselves. He said also that they had no plant. That is true. He said they had never made a fuse. That was true also. He said that they were a mushroom

company. That was true, in so far as the company itself existed, because the company had no existence until the 10th day of June.

Sir WILLIAM MEREDITH: What do you mean by a "mushroom" company, or what did he mean by a "mushroom" company?

Mr. CARVELL: One with no foundation. A mushroom is something that comes up quickly—in, a night.

Sir WILLIAM MEREDITH: But that was not the case, that it had no real existence. It came into existence, but had no solidity.

Mr. CARVELL: This Company came into existence after they got the contract for their fuses. They got their contract on the 25th day of May, but they did not exist until the 10th day of June, according to the evidence and according to the documents. I am not attacking the gentlemen who composed the company. Mr. Kyte was absolutely justified in every word he said. He said very little about it. It turns out now that the gentlemen behind the International Arms and Fuse Company are men of absolute solidity, big men, men whom I believe are going to make good, and I am very glad of it.

But they had never manufactured a fuse; they did not have a plant; they did not have a dollar subscribed, and so far as we know to-day, if one brought an action against the International Arms and Fuse Company there are no assets—yes, there are, because they have a plant. But take it a month or six weeks after the company was incorporated—

Hon. Mr. DUFF: Perhaps it is more important if you would say, with regard to the International Arms and Fuse Company, whether you suggest that any sort of improper influence was used.

Mr. CARVELL: Not a particle.

Hon. Mr. DUFF: Not a particle was attempted to be exercised in any way, or whether there was any improper incident in connection with the company.

Mr. CARVELL: Not a particle. I want to assert in the most positive way that I have no adverse comment to make in regard to the International Arms and Fuse Company.

I believe it turns out from the first that the gentlemen who are interested in it are men of means, who are able to carry on big enterprises, and who are carrying on an enterprise regarding the manufacture of fuses, not as well as we would like them to do, but still very good indeed.

All the comment or criticism I have to make in regard to the International Arms and Fuse Company is that it should have gone to a Canadian concern, that there is no justification for the Shell Committee handing \$11,000,000 or \$12,000,000 of British money over to a firm in the United States, when the work could have been done in Canada just as well. I will touch upon that later on.

I want again to say that I have no criticism whatever to make of the manner in which the International Arms and Fuse Company obtained their contract. There is no evidence that there is anything dishonourable, or even unfair in the manner in which they obtained their contract.

I did not have that opinion at the beginning. I had the opinion, from information I had received, that it was otherwise. But having listened to the evidence, I want to say that I have changed my opinion, and that I must say so if I want to be respected.

What made me change my opinion more than all the things put together was that when this man Allison butted in, so to speak, and wrote what I would call an impertinent letter, or a remarkable letter, wanting to introduce these gentlemen to General Hughes, after they had known him for months, then writing another letter saying that he did not want anything added to their contract by way of a commission for him, followed by the Patterson letter thanking him for the letter of introduction especially when he had never asked for it, one of the most sarcastic letters I ever saw

in my life—when I saw that correspondence I came to the conclusion that there was nothing wrong with the International Arms and Fuse Company, at least so far as General Hughes and Colonel Allison were concerned. Beyond that I have no comment to make in regard to the International Arms and Fuse Company.

Negotiations continued with Dr. Harris representing this company from I think some time early in March down to the 25th of May.

We know that in March the price was very much higher than it was later on.

I want to refer to that particularly, because there has been so much evidence given here about the terrible efforts made by Colonel Allison to pull down the prices of fuses that I think a short history of the pulling down of the price of graze fuses would not be amiss at this point.

Hon. Mr. DUFF: Time fuses, you mean.

Mr. CARVELL: I beg pardon. I said graze fuses. I mean time fuses.

Early enough to call it the beginning of the negotiations, on the 16th day of March, a cablegram was sent to the War Office, which will be found on page 45 of the evidence, as follows:—

We have now proposals for manufacturing in Canada of Number 80 filled fuses at rate of five thousand per day commencing four months from date of contract. Are you prepared to consider order?

Sir WILLIAM MEREDITH: That apparently has reference to the Harris proposition.

Mr. CARVELL: I think so. The answer came on the 20th of March, found on the same page:—

Your 294 of March 17th. The War Office is prepared to consider your offer for Number 80 fuses but would like to know your opinion as to the likelihood of the company being able to secure suitable powder for time rings and otherwise meet the conditions of specification, also the possibility of their commencing delivery in four months.

On the 21st of March another cablegram was sent, which will be found on page 47:—

We are investigating supply correct composition for time rings eighty fuse also ability of firm to commence delivery in four months.

Colonel Carnegie puts the price at \$5.60 each.

(We have no evidence that that price came from Dr. Harris, but I think I am fair in assuming that such is the case.)

Mr. EWART: You will see it on page 46.

Mr. CARVELL: That was followed up by one of the 25th of March from the War Office to the Minister of Militia, Ottawa:—

We should prefer the No. 80 fuse for use with H.E. shells. This is a slightly modified form. The price is very high indeed. Please wire what can be done.

An answer came on the 29th of March: I do not need to read the whole cable. The price got down to \$5 each on the 29th of March.

Now, Messrs. Commissioners, I would like to know what Colonel Allison had to do with pulling those prices down. On the 29th of March, without any reference to Colonel Allison, the price got down to \$5.

That went on, and there was considerable negotiation until finally on the 26th day of April Dr. Harris appeared in Ottawa.

Hon. Mr. DUFF: Montreal.

Mr. CARVELL: Yes, sir, Montreal, with a proposition in writing agreeing to manufacture those fuses—my learned friend shakes his head—a proposition which was then and there converted to writing and put in evidence here yesterday by Colonel Carnegie, a hard and fast proposition to manufacture those fuses for \$4.50 each.

I would like to know where there is any evidence that Colonel Allison or any of his confreres in New York had anything to do with pulling down the price to \$4.50?

Hon. Mr. DUFF: The joint effect of the evidence of Yoakum and Allison is that no report was made by them with regard to prices until about the first of May.

Mr. CARVELL: That is right. So that we can assume that these fuses, through the intervention of the War Office and the Shell Committee (I want to put them all in) or the negotiations between the War Office and the Shell Committee and Dr. Harris, the prices of time fuses on the 26th day of April had got down to the sum of \$4.50.

Mr. HENDERSON: Dr. Harris says he was informed of competition.

Hon. Mr. DUFF: Not before the 26th of April.

Mr. HENDERSON: But on that date.

Hon. Mr. DUFF: Perhaps he said so.

Mr. CARVELL: If Colonel Allison did anything, it is up to Colonel Allison or to my learned friend to show what he did. But there is not one tittle of evidence that Colonel Allison ever lifted a finger until after the first day of May. When my friends answer me, I invite them to produce anything in the evidence to show that Colonel Allison or Mr. Yoakum or their confreres ever lifted a finger or did one thing or wrote one word which in any way was an attempt to pull down the price of fuses until after the first day of May.

We now come to the contract in question, that is, the contract for five million rounds of fixed ammunition. When I use the term "fixed ammunition"—

Hon. Mr. DUFF: It surely is not fixed ammunition. Surely those howitzer shells are not fixed ammunition. The propellant rests on the barrel itself, does it not?

Mr. CARVELL: What is that, sir?

Hon. Mr. DUFF: The propellant rests on the barrel itself, does it not, or rather I should say the shell rests by its weight upon the case in which the propellant is; it is not fixed to it, is it, in the 4.5 Howitzer shell?

Mr. CARVELL: If you are asking me, I can only give my impression of it. I use "fixed ammunition" as meaning any cartridge that is complete, a complete round.

Hon. Mr. DUFF: The impression I have is that fixed ammunition (in the cable they seemed to observe a distinction) I rather understood that fixed ammunition meant ammunition in which the propellant is affixed to the shell by some form of cartridge case, that is to say, you, you get the whole thing in one case. Do you think that is so?

Mr. CARVELL: Certainly.

Hon. Mr. DUFF: That is, in the 4.5.

Mr. CARVELL: Certainly. I am pretty intimately acquainted with ammunition.

The 4.5 has a cartridge case only about one-third as long as the other. The trajectory is very high, it goes up in the air, drops down again and does not cover nearly the distance; the proportion is only about one-third of the length as it is in the 18-pr. high explosives. If you go to the Munitions Board you will see the cartridge cases there. The cartridge case has a primer, just the same as the 18-pr. or any of them.

When I use the words "fixed ammunition" I mean complete ammunition, and I am not going to use the term in the technical sense at all.

On the 7th day of April negotiations were started in regard to the production of a greater quantity of ammunition in Canada, by means of a cablegram signed by Sir Robert Borden and sent to the War Office.



In his cablegram the Premier said the Canadian factories were capable of turning out forty thousand and possibly fifty thousand H.E. 18-pr. shells per day.

"The experience gained during the past six months has enabled factories to reduce cost and Colonel Bertram is satisfied that if four or five million additional shells are ordered by War Office, price can be considerably reduced and made satisfactory."

That cablegram is found on page 48 of these proceedings.

The Premier then asked the War Office to consider the matter.

That was a very proper cablegram indeed. So far as I can see, an answer came on the 14th day of April. No, that was followed by another cablegram to the War Office on the 14th of April, 1915. In that cablegram a reference is made to the cable of the 7th of April:—

"My Committee prepared to undertake four to five million additional 18-pr. shrapnel and 18-pr. H.E.", and gives the price at which they would take them.

An answer came on the 17th of April, 1915, as follows:—

"Your telegram No. 105 Code. Can. Shell Committee divide five million rounds complete ammunition as follows;

"One-third 4.5 inch Lyddite Howitzer.

"One-third shrapnel 18-pr.

"One-third H.E. 18-pr.

"And what price 4.5."

You will see a price was given in the previous cablegram for the 18-pr. shrapnel and the 18-pr. high explosive.

"Presume propellant included? Is it cordite or nitrocellulose? Fuse for shrapnel must be 22 seconds, but for H.E. graze fuse. Where will fuses be obtained? We are apprehensive of interfering with existing orders in the United States."

That is found on page 49 of these proceedings.

Just at this point I want to discuss what Colonel Carnegie says about his knowledge of a graze fuse, because we might just as well face this now.

The real issue in this case is this graze fuse, and I think we might as well have it thrashed out at one time as another.

I know Colonel Carnegie says, and I am not quoting exactly from his evidence, but the substance of it, that he did not know what a graze fuse was at that time.

Hon. Mr. DUFF: No.

Mr. CARVELL: I think he does.

Hon. Mr. DUFF: What he says is that the No. 100 fuse was a new fuse to him.

Mr. CARVELL: I am pretty sure he used the term graze fuse.

Hon. Mr. DUFF: I am only stating the effect Colonel Carnegie's evidence as a whole had upon my mind. He stated here yesterday and stated also on his original examination that he understood from that cable that the Howitzer shells were to be fitted with a graze fuse, and he certainly gave the impression that he understood the meaning of the term graze fuse, which he stated more than once was a new fuse, and that when he first saw the cable of the 30th of April, in which the No. 100 fuse was referred to he was rather under the impression that it was a modification of the 80 time fuse.

Mr. CARVELL: That is my recollection. I will look it up, and if I am right I will give the reference to the Commission, and if I am wrong I will say so.

My impression is that he stated somewhere in his evidence that he did not know what a graze fuse was.

Mr. HELLMUTH: He said he did not know at all what kind of a fuse the No. 100 was. I think the General said he did not know about graze fuses.

Hon. Mr. DUFF: No. What did happen was this, that members of the Shell Committee, and more especially the gentlemen from the Canadian General Electric Company, Colonel Watts, particularly said that No. 100 graze fuse conveyed nothing to his mind, that he thought they were dealing with time fuses at the time he passed the contract of June 19.

Mr. CARVELL: But I am talking of Colonel Carnegie. For the purposes of my argument, it does not make much difference.

Mr. EWART: Page 97 contains the discussion, I think.

Mr. CARVELL: No, that is the No. 100 fuse.

Mr. EWART: It is plain that the 10th was the first time he ever heard of the 100 fuses.

Mr. CARVELL: It makes very little difference in my argument. One thing is sure, and that is that Colonel Carnegie did know what a graze fuse was; he knew it was not a time fuse, no doubt about that.

Hon. Mr. DUFF: That is the proper way to put it.

Mr. CARVELL: I felt that if you would allow me to proceed I would land where I wanted to in the end.

Whatever we think about him, we must admit that Colonel Carnegie has a very, very extensive knowledge of ammunition.

That gentleman knows that a graze fuse was not a time fuse; he knew also that a graze fuse was a much cheaper article to make than a time fuse, because it is said over and over again that the reason he could not recommend the contracts to a company in Canada was that they could not get experts to load the time fuses, that they could not get the experts to make the time rings.

I do not believe him for a moment. I do not go so far as to say he did not believe it, because that would impute motives.

But he thought the graze fuse could not be made in Canada because of the impossibility of loading it.

He knows that a graze fuse is not loaded, in the sense a time fuse is.

A time fuse consists of two things, the time element, the difficult part of the loading, and also the percussion element, and he knows and knew at that time that the percussion element in a time fuse was merely a detonator which went against a cap, a sharp point, it was exploded, it conveyed the flame down into the shell and exploded the shell, and if the fuse failed to function and explode the shell in the air as a time fuse it would explode when it struck the ground as a graze fuse. Colonel Carnegie knew all that. It would ignite a cap and carry a train of fire down. He knew that much when he read that telegram of the 17th of April, and I want to give him full credit for his evidence.

He says he did not get back from the West until the 26th of April. When he came back and read that cablegram he knew that they were talking about something, not a time fuse, and he believed at that time that this graze fuse applied to two-thirds of the order. It applied to the 18-pounder high explosives and the 4.5 howitzer, because the word high explosive is applied to all shells that go off on percussion.

Hon. Mr. DUFF: He said that, you need not enlarge upon that.

Mr. CARVELL: There is no question of that. Now, he gets away from that or attempts to get away from that by saying that two days later he got another cablegram from London as follows:—

Hon. Mr. DUFF: That is the cable of the 30th.

Mr. CARVELL: It is to be found at page 51.

Hon. Mr. DUFF: That is four days later, the 30th.

Mr. CARVELL: Yes, four days later, it is the 30th. That is four days after he arrived from the West, there was a cablegram:—

4317 cipher A.2. Your 313 cipher and our letter of April 5th. Can you now quote for No. 80 fuse, for high explosive shells?

He says in substance that because he got that cablegram referring to an 80 fuse for a high explosive shell, he thought they had gone back on the proposition to include graze fuses in the five million order. I want to put this fairly, that is the way I understand his evidence. That brings us back to the correspondence referred to in this cablegram and their cipher 313, and the letter of the 5th April. But in order to get at that I think you have to go further back than that and get back to the proposal existing prior to the 7th of April, and I hope that there will be no misconstruction or misapprehension of the fact that an entirely new contract was made as a result of Sir Robert Borden's cablegram of the 7th.

Sir WILLIAM MEREDITH: Did that refer to anything but shells? That did not make an reference to time fuses, or fuses.

Mr. CARVELL: No, my lord, he did not refer to anything—

Sir WILLIAM MEREDITH: I would rather gather from that that they were making shells in Canada and that he wanted to get more.

Mr. CARVELL: There is no doubt about it.

Hon. Mr. DUFF: You do not suggest that that is really part of the contract. The two cables constituting the offer and the acceptance are the 17th and the 23rd of April. Those are the results of the cable sent by Sir Robert Borden.

Mr. CARVELL: Certainly. I am not saying that his cable formed part of the contract, I say the contract resulted from his cable.

Sir WILLIAM MEREDITH: It resulted from his pressing for further orders.

Mr. CARVELL: And very proper pressure too.

Sir WILLIAM MEREDITH: I should not have thought that he had time fuses in mind at all.

Mr. CARVELL: He did, and I think he acted very properly.

Sir WILLIAM MEREDITH: Judging from the language that it is General Hughes' cable.

Mr. CARVELL: He has not said so, he has not fathered it. I think we can proceed further. I am not finding fault, I am giving credit for that; he sent a telegram and as a result the correspondence followed which ended in a contract for five million fuses. But prior to the 7th of April, long before the cable was sent over, negotiations were pending for the manufacture of fuses in Canada. Not five million, but around a million. That brings me back to the inspection of the correspondence. It will be found on page 45, exhibit No. 38.

Hon. Mr. DUFF: What is the date?

Mr. CARVELL: The 16th of March.

Hon. Mr. DUFF: When you read a cable or a letter, would you mind giving me the date first.

Mr. CARVELL: Yes, the 16th of March, Exhibit No. 38:—

“We have now proposals for manufacturing in Canada of No. 80 filled fuses at rate of five thousand per day commencing four months from date of contract. Are you prepared to consider order”?

That is followed by an answer on the 17th of March:—

“The War Office is prepared to consider your offer for No. 80 fuses but would like to know your opinion as to the likelihood of the company being able

to secure suitable powder for time rings and otherwise meet the conditions of specification, also the possibility of their commencing delivery in four months."

That is followed by another cablegram of the 31st of March, from the Militia Department to the War Office. It will be found on page 47, Exhibit No. 40. I won't read it all, but it is as follows: "We are investigating supply correct composition for time rings 80 fuse, also ability of firm to commence delivery in four months. Have other proposal before us for immediate manufacture in Canada of American fuse, same as being supplied to you by U.S.A." And the price is put at \$5.60. That is followed by a cablegram on the 29th of March, and that is cipher 313 referred to in the cablegram of the 30th of April.

The 29th of March: "Reference to your 3741 cipher A. 2. Will quote amended price on receipt of drawings, specifications, and sample of fuse for high explosive shells, but could not commence delivery under 6 months. Reference our cable 298 cipher 21st March. We can supply fuses, American design with aluminium body and brass time ring filled complete adjusted to same weight as No. 80 fuses, prices \$5 each. Deliveries four thousand per day."

As I say, they got the price down to \$5. Then there was a letter on the 5th day of April, sent from the War Office to the Militia Department.

Mr. EWART: Page 860.

Mr. CARVELL: Page 860, yes. It is dated the 5th of April, 1915: "With reference to your cablegram No. 313 cipher of 30th ultimo and previous correspondence regarding the supply of fuses T. and P. No. 80, for use with high explosive shell I am commanded by the Army Council to forward for your information the accompanying copies of the following drawings and specifications." It then gives the specifications. "As the number 80/44 fuse differs but slightly from the service No. 80 fuse, a sample will be found unnecessary."

"Drawings of gauges for the fuse will be forwarded shortly.

"I am to request that an amended price at which supply of this fuse could be made be cabled as early as possible."

Now, the price down to that time was \$5, and they were not satisfied with that, and wrote back for an amended price; and so far as that particular contract goes—

Mr. EWART: That is fuses of American design.

Mr. CARVELL: Yes, I know, but they asked me for an amended price, and so far as the correspondence goes I do not know that anything further came of that or that any amended price was given, because after that they transferred their energies over to the five million fuses. But you may say that the correspondence regarding the one, so far as price is concerned, would apply to the other. The real point is when Colonel Carnegie saw that telegram of the 23rd of April. Colonel Carnegie cannot logically state, he cannot intelligently state that he believed that that referred to the contract for the five million fuses. There is no mistake about that. Colonel Carnegie is an intelligent gentleman; he had this whole transaction at his finger tips, he knew he had completed a contract for five million shells with the fuses.

Hon. Mr. DUFF: I do not know, perhaps, it is important to get your view. The point may have been a little ambiguous. I hope you will not mind me saying that.

Mr. CARVELL: Not at all.

Hon. Mr. DUFF: We all use ambiguous sentences at times, I know I do myself. Did you mean to say that consistently with the exercise of reasonable intelligence it cannot be expected that Colonel Carnegie read the telegram and understood that it affected a modification in the order of the 17th of April? Is that it?

Mr. CARVELL: Yes. I think you have put it much better than I did.

Hon. Mr. DUFF: Perhaps you would not mind dealing with this just at that point. In favour of the honesty of Colonel Carnegie's statements that he did at this time—

sometime about that date at all events—get the idea, however he got it, and acted on the idea that that five million rounds were to be fitted with time fuses, is the fact that on the 26th of April he dealt with the International Fuse Co. for five million time fuses, and the dealing with the International Company appears from the beginning to have had reference to this five million rounds of fixed ammunition. In other words, his conduct from that time on seems to be inconsistent with any other view, than that in some way or other, how it happened I am not satisfied—in some way or other he conceived the idea that the whole five million rounds were to be fitted with time fuses.

Mr. CARVELL: Mr. Commissioner, I admit that that is arguable. I do not want to get away from the record at all. I appreciate that on the 26th of April—I do not want to go so far as to say that there was an agreement, but I will admit that they were discussing an agreement for five million rounds with time fuses.

Sir WILLIAM MEREDITH: You very frankly state your position with regard to the International. Now, what reason in the world would there be why Colonel Carnegie would deal with the International upon the basis that the five million fuses were to be time fuses if he did not honestly believe it?

Mr. CARVELL: How is that?

Sir WILLIAM MEREDITH: Why would he deal with the International upon the basis that the five million were to be time fuses if he did not honestly believe it?

Mr. CARVELL: I will answer that question. My judgment is that when Colonel Carnegie dealt with the International Fuse Company on the 26th of April, on the basis of five million time fuses, he did not know of the existence of the cablegram of the 17th of April. He swears that he had been in the West for some weeks and only returned to Ottawa on the 26th of April, and I do not conceive that it is possible—

Hon. Mr. DUFF: Just there. You must remember that the order—I do not want to speak of contracts, but the cables arranging for the five million were those of the 17th and 23rd of April. But whether he had read them is another thing.

Mr. CARVELL: It was only tentative, because the contract was not completed on the 26th, not until the 28th. I will show you that.

Hon. Mr. DUFF: What do you mean by the contract?

Mr. CARVELL: The contract with the War Office.

Hon. Mr. DUFF: You speak of it as a contract.

Mr. CARVELL: Yes, I call it a contract because on the 27th of April, the day after he returned a cable was sent to "Troopers" at London, "May we proceed?" That is signed "Militia." That is to be found at page 51. That is followed up on the next day, the 28th of April, by a cable "Please proceed."

In view of what took place after this, and in view of the conduct of Colonel Carnegie I cannot bring myself to believe that he knew of the existence—he may have known, but he never carefully read the telegram of the 17th of April, and I say that in view of what Colonel Carnegie did immediately afterwards. I say that and I cannot accept his explanation that he took the cablegram of the 30th of April as meaning that whatever graze fuses were included in the cablegram of the 17th were changed over.

Hon. Mr. DUFF: That is not very consistent with his conduct on the 26th, and it may be that your suggested explanation is the right one.

Mr. CARVELL: I have always liked in discussing evidence and witnesses, to discuss them along the line of common sense. What would the ordinary man do under the circumstances. I look upon Colonel Carnegie as being more than an ordinarily intelligent witness, and if Colonel Carnegie knew of the details, and had carefully and intelligently read the cablegram of the 17th of April—and remember, he only arrived home on the 26th, the day that these gentlemen were here and this agreement drawn up. I cannot conceive that Colonel Carnegie with his intelligence not only as to fuses,

but as a man, having read that cable stating that the high explosives were to be graze fuses, and then treating for five million time fuses. It is not possible, at least it is not reasonable. I want to discuss this thing—

Sir WILLIAM MEREDITH: Your suggestion amounts to this, that Colonel Carnegie has, not once, but twice, deliberately perjured himself.

Mr. CARVELL: Oh, no.

Sir WILLIAM MEREDITH: There is no escape from that position.

Mr. CARVELL: I do not know, Mr. Commissioner, that I have a right to take that. You have a right to put that in your report if you want to, but until I say so, I do not believe that you have the right to put the words in my mouth.

Sir WILLIAM MEREDITH: I say that that is the effect of your argument.

Mr. CARVELL: You can take that if you wish it, but do not say that I said it.

Sir WILLIAM MEREDITH: I have not said so.

Mr. CARVELL: Mr. Justice Duff asked me how I understood this, and I have given my understanding; and I now repeat again that Colonel Carnegie could not have intelligently read that cablegram of the 17th of April and understood it, and discussed five million time fuses on the 26th day of April. But Colonel Carnegie did know something about it on the 30th of April, because on the 30th he received a cablegram which I have referred to, and at that time the question had certainly arisen in his mind whether this was to be graze fuses or not. There is no getting away from that statement because he says that when he received the cablegram of the 30th of April it conveyed the idea that they were to be time fuses and not graze fuses.

As soon as they had closed the contract for five million completed shells, with the knowledge in Colonel Carnegie's mind at one time or another anyway, that a portion of those were to be graze fuses, he and General Hughes hied themselves to New York, and here we are coming to the real interesting part of the whole transaction.

Now, it is all very well, I know the distinction was drawn here not very long ago as to whether Colonel Carnegie was directed by General Hughes to go to New York, or requested. So far as my argument goes it makes very little difference. A suggestion from General Hughes to Colonel Carnegie is the same as a command, and when General Hughes requested him to go to New York to see Colonel Allison, it was exactly the same as if he said, "You go to New York and see Colonel Allison." Not only did he go and see Allison, but General Hughes preceded him by one or two days and saw Colonel Allison, because we have it in evidence and not denied that General Hughes was in New York—not only in New York, but in Colonel Allison's room on the 30th of April, because there he was in consultation with Lloyd Harris; and Colonel Carnegie acting on the request or instructions, or whatever you may call it, of General Hughes, appeared in New York on the 1st of May. He went down there for the purpose of seeing Allison as they all say, and getting Allison to get a crowd together to break prices.

A few moments ago I asked what evidence is there that Allison ever tried to break prices. Now, the evidence is all very simple. Colonel Carnegie went there with the knowledge at least that there was a question about graze fuses. I am not going to say that it was with the knowledge that they were going to be graze fuses, but with the knowledge that there was a question about a portion of this order being for graze fuses. There may have been a doubt in his mind. It may have been an honest doubt, but he went there at the request of Sir Sam Hughes, and met Allison, and Allison brought him next day—I think it was Sunday at that—to two gentlemen who figure in this—Yoakum and Craven. He asked if they were manufacturers, and they said No; then, on the 4th they brought a Mr. Bassick, and he was told that Mr. Bassick was a manufacturer. They went off to visit his brass foundry at Bridgeport. It is true that Colonel Carnegie did not think very much about it. He said he saw the Remington Typewriter plant which suited him very much better. They came back and after some little

negotiations they went back to Montreal, and they didn't return to New York until the 13th or 14th of May, I think it was the 14th.

Now, prior to this Yoakum had got into this deal in some way. Mr. Yoakum some time prior to the 1st of May had paid Mr. Allison \$25,000 to get in with him in some way, and there is a most remarkable thing; he paid the first \$10,000 just about the time that they came to Ottawa to interview General Hughes about the production or creation of a plant for small arms ammunition. He paid the next \$10,000 just about the time they were entering negotiations while Sir Sam Hughes was in New York, around the last of April. Those are the facts.

Hon. Mr. DUFF: They are very eloquent as to Mr. Allison and Mr. Yoakum perhaps—maybe I should not speak of Mr. Yoakum in that positive way—but you are discussing Colonel Carnegie.

Mr. CARVELL: I know it. I have not left him yet.

Now the question comes, why did Yoakum part with his \$25,000? No man need tell me that he parted with \$25,000 of good cold cash without believing that he was getting value received of some sort; and that value received must have been influence. He believed it, I do not say he got it. I do not care what they say, our common sense tells us that as bright and shrewd a man as Mr. Yoakum does not part with that much money without trying to get something for it, and the only thing he could get in this case was influence.

Sir WILLIAM MEREDITH: What right have you to say that? Were there not contracts being negotiated with other countries?

Mr. CARVELL: There is absolutely no proof of any negotiations except with Canada.

Sir WILLIAM MEREDITH: He swears to it.

Mr. CARVELL: He swears to it, he does not give any evidence of it. When he comes down to details it is the Canadian business and the Canadian business alone. There have been a good many things sworn here, and so far as I am concerned, I do not propose to take as gospel everything that has been sworn. I admit that I am only one of the public, but as was said here by Mr. Commissioner Meredith sometime ago, the public in this country are the judges, and if Mr. Yoakum or Mr. Allison or any other "mister" comes here and makes a statement which is not according to the rules of common sense, we have the right to ask ourselves, "Are they telling the truth or not?"

If Yoakum tells me that he paid Allison \$25,000 and did not do it to buy influence, I do not believe him, and there is not one man out of every hundred in this country who will believe him. I have not said whose the influence was, I am not saying that, but you do not have to guess very many times to see who Allison was holding out as the man who had the influence.

Now, take the story that Allison and Yoakum tell about the letting of this contract. There was nothing improper that took place between them and Colonel Carnegie according to the evidence. Colonel Carnegie went down and did as he was told, or as he was requested. He met Colonel Allison; Allison introduced his friend to him; they went out and visited the plants and then they came back, and Col. Carnegie came back to Montreal.

After a while he went back and met the same gentlemen plus Mr. Cadwell, but have you ever considered a most remarkable fact that at this time Cadwell had completed a contract for No. 100 graze fuses for the War Office, and Colonel Carnegie did not know it, and never visited his plant. Colonel Carnegie took no means to find out until he was told that Cadwell was to be the manufacturing end of the concern. Is it reasonable to say that Colonel Carnegie was playing this game absolutely straight under those circumstances? Is it reasonable to think that Colonel Carnegie with all his intelligence and all his ambition as he says to bring the prices down and carry out the General's wishes would make a contract with a number of gentlemen manufacturing fuses when one had manufactured fuses, and he must have known it.

Hon. Mr. DUFF: Did he?

Mr. CARVELL: He says they were making parts.

Hon. Mr. DUFF: I do not recall anything in the evidence that shows, and perhaps that ought to have been brought out more clearly, but I do not recall anything that shows that he was aware that Mr. Cadwell had been making the No. 100 fuse.

Mr. CARVELL: Oh, yes, making parts. I have not the exact citation, but I will find it.

Hon. Mr. DUFF: Mr. Cadwell does not say that he did not know that Colonel Carnegie did not know the price he was getting.

Mr. CARVELL: I appreciate that, but I am talking now of the mere fact.

Hon. Mr. DUFF: Quite so.

Mr. CARVELL: I am just reminded that the second \$10,000 was paid on the 5th of May while they were there doing business over the fuses, and about this time this foxy gentleman, Allison, after he must have completed the whole transaction, attempts to do just what you would expect him to do under the circumstances, he commences to write letters in order to cover his tracks and say, "No, I won't do this thing. Now, we have two illustrations of this that happened at that time. The first is, that he sent a letter to Mr. Patterson of the International Arms and Fuse Company, or was it to Dr. Harris? Dr. Harris, I think it was. Anyway, he sent a letter to the International Arms and Fuse Company, telling them that he did not want anything added if they were bidding on the price of fuses for Canada. He did not want anything added for him.

Then, he sent another one to Mr. Dowler, and Mr. Dowler was the gentleman being introduced by Sir Courtenay Bennett, telling him the same thing.

Then thirdly, on the 13th of May, I think it was, he told Mr. Lloyd Harris that he was out of the fuse business altogether and had dropped the whole thing and had so reported to the minister.

If you want any sermon on the whole thing, if you want it all summed up in two words better than I can do it in an hour, all you have to do is to take the statement by General Bertram when Lloyd Harris came to him on the 14th of May and they were discussing the fact that he had been to see Allison and telephoned him, and Allison had said, "I am out of this." General Bertram with an idea of what had taken place, with the knowledge that Sir Sam had sent Colonel Carnegie to New York; with the knowledge that Colonel Carnegie had been introduced by Allison to Mr. Yoakum and to Mr. Craven and to Mr. Bassick; with the knowledge that the thing must have been practically completed at that time—while I admit that the evidence is not very strong on that phase of the question—and that this crowd was going to get a contract, he uses the words, "Foxy Allison."

Now, you follow it on down. On the 21st of May, and I do not know what negotiations had taken place, we only know that they were here, they were verbal negotiations, you will find a letter given to the American Ammunition people—that is the Allison crowd—for three million fuses. At that time they talked of time fuses, I want to admit that.

Something must have happened between that and the 25th of May. Either something happened or Colonel Carnegie had been reading over the correspondence, because there was a change in his mental attitude in those four days, and when you come down to the letters of the 25th of May you have a most wonderful discrepancy in the letters given to the two concerns. If you will take these two letters—the first is to be found on page 82 and the second on page 83 of the record, and I want to read the second first. That is the letter to the International Arms and Fuse Company,



or addressed to Mr. Harris. I think it was addressed to Dr. Harris personally. It is Exhibit No. 76:—

On behalf of the Shell Committee, I hereby grant to you an order for two million five hundred thousand fuses, at a minimum price of \$4.25 each, to be supplied in accordance with the specifications and drawings which will be forwarded to you later. These drawings and specifications will be either for No. 85 or No. 80 modified, or No. 80/44 fuses, and one or two designs may be required in connection with this contract.

The terms of payment and other terms of the contract, will be on the lines we have discussed with you.

We remain,

Yours very truly,

ALEX. BERTRAM,

*Chairman Shell Committee.*

On the same day a letter was given to the Allison crowd directed to Mr. Bassick, as follows. It is on page 82:—

We enclose herewith copy of contract form giving details upon which the orders for fuses are placed. We hope to forward to you full particulars of the design of the fuse upon receipt of a cable from the War Office on the subject. You will observe that we do not call for the establishment of a factory in Canada in connection with your contract, as we contemplate receiving further orders, on which we may have more time to initiate a factory in Canada. As you know, urgency is the most important feature of the present orders, and it is on this account solely that we wish to concentrate all your efforts on the manufacture of fuses in the States.

In accordance with the telephone conversation General Bertram had with you to-day, we have amended the number allotted to you from three million to two and a half million, but would point out that we contemplate having further orders for the fuses and these will be placed with either of the companies now proposing to manufacture fuses, and in accordance with their ability to produce fuses rapidly.

We remain,

Yours very truly

ALEX. BERTRAM,

*Chairman Shell Committee.*

Hon. Mr. DUFF: If I may interrupt, may I ask this: Am I right in supposing that you suggest that at that stage Colonel Carnegie had in his mind that graze fuses would be required for the five million?

Mr. CARVELL: Not for the five million, oh no.

Hon. Mr. DUFF: I think perhaps I have misunderstood your discussion—

Mr. CARVELL: But I do think he had it in his mind that graze fuses might be required for a portion of the five million.

Hon. Mr. DUFF: That is what I mean.

Mr. CARVELL: Oh, certainly. Why, he says, we are awaiting orders from the War Office.

Hon. Mr. DUFF: Oh yes, but look at the cable of the 19th of May.

Mr. CARVELL: Yes, willingly. I have looked it over a good many times.

Hon. Mr. DUFF: It was with reference to that cable that I asked the question. I should say that it was having regard to the cable of the 19th of May that I asked the question. There is no reference to the No. 100 fuse there at all.

Mr. CARVELL: It is at page 75. We will see what the cable of the 19th of May says:—

394 cipher. Our cipher 367 and your 4506 A.2.

Regarding recent contracts for 18-pr. shrapnel high explosive and 4.5 shells with fuse, are 4.5 and 18-pr. high explosive shells to be fitted with fuse number 80 over 44?"

He is asking that question of the War Office. There is a doubt in his mind.

Hon. Mr. DUFF: Quite so, but the doubt is as between the 80/44—

Mr. CARVELL: And the graze.

Hon. Mr. DUFF: Do you think so? They had in view the 80 and the 85.

Mr. CARVELL: There is a little more. I read this over last evening and I wondered what it was about. The question is, are the 4.5 and 18-pr. high explosives—and they are both high explosives—to be fitted with the No. 80/44. Now, he makes a suggestion.

Fuse manufacture finding difficulty obtain brass and prefer making No. 80 fuse in preference to No. 85 if time burning toleration of twenty-two seconds plus and minus point 4/10 is allowed as in No. 85 fuse. Do you agree?

Hon. Mr. DUFF: I should have thought that indicated what was in his mind.

Mr. CARVELL: No, because they had been talking prior to this. If you take up the cables your lordship will find this whole thing gone into very carefully. I do not want to take the time to argue it out.

Hon. Mr. DUFF: I remember it, I followed it through.

Mr. CARVELL: Now, prior to this they had been discussing the No. 85 fuse, in fact it is suggested in the cablegram that the manufacturers would prefer the 80 to the 85. Then some correspondence took place, and then he follows that up by saying that the manufacturers would prefer not making the 80 if the time tolerance was the same at the 85.

Now, I construe that cablegram to mean as far as the time fuse is concerned, that they would prefer not to use the 85.

Hon. Mr. DUFF: I understand the point you are making. Then when you come to the 21st and the 25th of May, the three letters there, and there is a division of the five million time fuses, two and a half million each; your theory is that he still had in mind the idea—

Mr. CARVELL: Why, he had asked the question on the 19th of May and had not got an answer.

Hon. Mr. DUFF:—that parts were to be fitted with the No. 100 fuse.

Mr. CARVELL: I have.

Hon. Mr. DUFF: What changed the situation, the cable of the 28th of May? If he had this in mind all the time that cable would not give any information.

Mr. CARVELL: I do not say that Colonel Carnegie was absolutely settled in his mind that one was to be grave and one time, but down to the 26th of April there was that question lurking in his mind.

Hon. Mr. DUFF: I understand your point, but I must say that the theory that I have been going on all the time seems to be very much more reasonable, and that is that in some way or other,—and I have a great deal of difficulty in understanding why—he got it into his head that the whole five million were to be fitted with time fuses.

Mr. CARVELL: That is true until the 19th of May, but I cannot see how he had that settled in his head when he sent that cablegram.

Hon. Mr. DUFF: The question was as between the 80/44; the 80 and the 85.

Sir WILLIAM MEREDITH: Is that not perfectly plain from the cable itself.

Mr. CARVELL: No.

Sir WILLIAM MEREDITH: I should have thought it was.

Mr. CARVELL: You asked for my opinion.

Sir WILLIAM MEREDITH: I asked for your argument, argument is not opinion.

Mr. CARVELL: I am trying to stick to the facts.

Sir WILLIAM MEREDITH: I am not quarrelling with you, you started to quarrel with me.

Mr. CARVELL: Now, my lord, you could not make me quarrel with you, that would be an utter impossibility, so we might as well—

Sir WILLIAM MEREDITH: I used it in the Pickwickian sense.

Mr. CARVELL: I use it in the Pinkerton sense.

Mr. NESBITT: The Pinkerton sense.

Mr. CARVELL: I use it in the Pinkerton sense. As I read that cablegram of the 19th yesterday afternoon, there was a suspicion lurking in his mind, he had an idea in some way that these graze fuses must be there, yet, especially I think as to the 4-5 there may have been enough stated in the telegram to eradicate the idea of the No. 80 high explosives.

Sir WILLIAM MEREDITH: Do you not think it must be conceded, upon the interpretation and the oath of such a man as Colonel Carnegie, that that was the attitude of his mind, that that ought to be conclusive.

Mr. CARVELL: I did not catch what you said.

Sir WILLIAM MEREDITH: That at that time, when he sent that telegram he had not present in his mind the other class of fuse.

Mr. CARVELL: No, my lord, I cannot accept that. The way I read this is that his mind was open on the question, he did not know whether it was one or the other.

Sir WILLIAM MEREDITH: He swears that is not so.

Hon. Mr. DUFF: You are putting what appealed to me as an extreme interpretation on the cablegram, especially taking it together with the other circumstances particularly that dealing on the 26th of April. Of course, you suggest that he had not read the telegram of the 17th of April; by taking all these things together and the man's oath, you are going pretty far.

Mr. CARVELL: That is my interpretation, and he never got that question answered until the 28th of May. It was not answered until he wrote that letter of the 25th of May, and I cannot get it out of my mind that when he wrote that letter of the 25th of May he still had the question in his mind as to whether a portion of this order would not be graze fuses.

Sir WILLIAM MEREDITH: Supposing there was a question between the No. 80 and the No. 85, he leaves that open by the terms of the letter.

Mr. CARVELL: The 19th?

Sir WILLIAM MEREDITH: The letter you just read, the 21st of May, he had been informed as to the class of fuses.

Mr. CARVELL: Without a doubt it refers to time fuses, but it is superseded by the one of the 25th of May.

Hon. Mr. DUFF: It says that he had in mind that the type of time fuse was an open question.

Mr. CARVELL: No doubt at all, they were time fuses, but different types; but the letter of the 25th of May is so different to the letter he gave to the International people on the same date. There must have been something lurking in that man's mind more than the difference between the 80/44, the 85 and the 80 Mark V, because in the letter to the International he specifically states that they will be thus or thus or thus, and on the same day at the same hour to the other people he does not state that they will be thus or thus or thus but says that he will let them know when he gets a communica-

tion from the War Office. I admit that on the 21st of May he sent a letter, but I say that was all cancelled by the letter of the 25th. There is the argument that I wish to address to you on that subject, and I cannot bring myself to believe that there was ever an agreement from the 27th or 28th of April down to the 28th of May, that there was not an idea lurking in the mind of Colonel Carnegie that a portion of this order was to be graze fuses.

Then we come to the contracts themselves. Things commenced to travel very rapidly on the 28th of May, 1915. An answer came back to the cable of the 19th of May, and he was told that the fuses for the 4-5 were to be graze fuses or the No. 100.

Hon. Mr. DUFF: Just as you are going along there, if you can help me in any way, because my recollection of the evidence is very obscure. If you can help me in any way as to the particulars of what occurred between Colonel Carnegie and the American Ammunition Co., which would be Mr. Cadwell at that time, as to the change from time to graze fuses.

Mr. CARVELL: There is nothing so far as the evidence goes that I can find. I spent an hour last evening to see if I could find what took place between Colonel Carnegie and the American Ammunition Co. either Mr. Cadwell or anybody else, showing that the change took place. The only thing we know is that on the 28th of May Colonel Carnegie received a cablegram stating that one third of this order was to be graze fuses. Now, Colonel Carnegie cannot say that on the 28th of May he did not know anything about it, because he did know; the facts show that he did. I am assuming that he knew that there was a graze fuse and a time fuse. I think he would be very much insulted if I said that he did not know that. When he says, I did not know what a 100 fuse meant, I accept that as a certain number of words which are not perjury; but if Colonel Carnegie attempts to argue, or his Counsel attempts to argue that he had nothing in his mind, that this No. 100 was only another modification of the No. 80, I cannot accept that.

Hon. Mr. DUFF: Why?

Mr. CARVELL: Because Colonel Carnegie knows very well that the British time fuse is number 80.

Hon. Mr. DUFF: Knows?

Mr. CARVELL: That is the distinguishing number.

Hon. Mr. DUFF: No, no, because Colonel Carnegie yesterday in answer I think to a question I put to him myself stated very explicitly that he understood the number 100 might be some sort of a modification of the 80. On what ground do you say that he knew at that time that the No. 100 was not a time fuse.

Mr. CARVELL: I never attempt to create a situation without being willing to meet it. I give Colonel Carnegie credit for being a man of more than ordinary intelligence in munition matters. This is only argument, I will come to facts later on. He knows that the distinctive number for the British time fuse is 80—80/44. 80/Mark VII, 80 Mark V—they are all 80, and Colonel Carnegie knew as well as he knows north from south, or his Bible, which would be going a long long way, that when the British Government are talking about time fuses they are talking about the No. 80.

Coming to the facts: On the tenth day of May Mr. Hathaway came into his office in, Montreal.

Hon. Mr. DUFF: That is a long time after.

Mr. CARVELL: Oh no.

Hon. Mr. DUFF: Oh yes.

Mr. CARVELL: The tenth, eleventh or twelfth of May; this contract was given on the 25th of May. Now, I am going back to the tenth or twelve of May, I will get the whole thing.

Hon. Mr. DUFF: You say that cable was received on the 12th and that on the 10th Mr. Hathaway had showed him a drawing.

Mr. CARVELL: He showed him a photograph. Here it is, page 97:—

Q. You had an interview with Mr. Hathaway of this company in regard to supplying fuses?—A. Number 100 fuses.

Q. Was it at that time your intention to have that one million fuses, part of five million order?—A. No, sir, not at all.

Q. What was that for then?—A. We had a cable on the 10th of May from the War Office which has been put in.

Q. And it was in regard to that?—A. In regard to the supply of No. 100 fuses, but we had no drawings, and Mr. Hathaway came into our office and showed me a photographic drawing he had received from Morgans, and also the specifications. He said: "I have received this from Morgans; have you seen it? Can you give me any information?" I said: "It is a curious coincidence that we have received a cable communication asking us to quote for No. 100 fuse. It is the first time I have heard of it and the first time I have seen it, but if you are quoting would you not quote us instead of Morgans?"

Hon. Mr. DUFF: That shows that Mr. Hathaway's visit followed the receipt of the cable.

Mr. CARVELL: I will finish this thing up. This is the conversation he had with Mr. Hathaway, and Mr. Hathaway had a photographic drawing.

Hon. Mr. DUFF: That is subsequent to the receipt of the cable.

Mr. CARVELL: I know, they cabled him. I will give you the rest of it, there is more, I am not through by any means.

Now, it is five minutes to one. I will look them up; I will tell you what they are and refer to them after lunch.

On that very day he cabled Colonel Perry I think it is, the British expert in New York and also Morgans.

Mr. HENDERSON: Colonel Phipps.

Mr. CARVELL: Colonel Phipps, that is it. And it is within the recollection of every person here that he cabled Col. Phipps asking him to send the plan and specifications, or drawings and specifications. He also cabled Morgans.

Hon. Mr. DUFF: All subsequent to the cable.

Mr. CARVELL: But before the 25th of May.

Hon. Mr. DUFF: We are quite at cross purposes. I thought you were speaking of his attitude of mind when he received the cable.

Mr. CARVELL: Oh, no. You asked why I made the statement I did regarding Carnegie's mind on the 25th of May.

Hon. Mr. DUFF: I misunderstood you altogether. I am very sorry. It is all my fault.

Mr. CARVELL: He said he sent a cablegram to the Morgans, and a cablegram came back stating that they would send them to-morrow. There is no evidence that they did not come, and I think we can take it for granted they did come. Therefore on the 25th of May Colonel Carnegie did know what a graze fuse was and what a No. 100 fuse was. No man can tell me that you can show Colonel Carnegie a photograph of a fuse and that he would not have some idea of what it was.

Hon. Mr. DUFF: There is no doubt about that.

Mr. CARVELL: He knew practically as well on the 25th of May as he does to-day.

Hon. Mr. DUFF: What is there to say that he knew or believed or supposed that any part of the five million were to be fitted with graze fuses?

Mr. CARVELL: I thought I had answered that. I gave the answer, and then I proceeded to show that having it in his mind that part of this was to be graze fuses, and when he gave this letter and signed an agreement three or four days later and fixed the price, he knew on what kind of an article he was fixing the price. He knew that it was a graze fuse, which is not a time fuse.

Sir WILLIAM MEREDITH: I would like to get some idea how long this deliberation is going to last, so as to be able to regulate my movements.

Mr. CARVELL: I am good for at least a half an hour longer.

Sir WILLIAM MEREDITH: I think that means approximately a half an hour.

Mr. CARVELL: I mean what I say, I mean at least.

Sir WILLIAM MEREDITH: Put it at most.

Mr. CARVELL: I hoped to finish in two hours.

Sir WILLIAM MEREDITH: Two hours from now?

Mr. CARVELL: Oh no.

Sir WILLIAM MEREDITH: Oh, from the beginning?

Mr. CARVELL: Yes, but I find that on account of some very pertinent questions from the Bench it has been somewhat longer; but I think I can do it under an hour.

Sir WILLIAM MEREDITH: Mr. Ewart, have you any estimate?

Mr. EWART: I think I indicated what my practice was after long experience in the Supreme Court and earlier Courts.

Hon. Mr. DUFF: If it would suit you better, I am quite willing to give you an undertaking that there will be no intervention as far as I am concerned, if it will enable you to get along better.

Mr. CARVELL: I hope your lordship will not think I am finding fault.

Mr. EWART: If you will inform me that there will be no embarrassing interruptions, I am inclined to agree.

Mr. CARVELL: Could we hold an evening session?

Sir WILLIAM MEREDITH: We are not getting very much further. Is there any hope of finishing the argument by six o'clock.

Mr. EWART: No sir.

Sir WILLIAM MEREDITH: No hope?

Mr. EWART: No hope in my breast.

Sir WILLIAM MEREDITH: Is there any hope of finishing by the 1st of July?

Mr. HELLMUTH: Is there any doubt but what it can be finished to-morrow?

Mr. EWART: Oh no.

Mr. CARVELL: I would hope not. Unfortunately I have not had much to say about it.

Mr. HELLMUTH: Oh, I think you have had a great deal.

Sir WILLIAM MEREDITH: We will adjourn now until half-past two.

(Noon adjournment from 1 o'clock to 2.30).

## AFTERNOON SESSION.

The Commission resumed at 2.30 p.m., June 7, 1916.

Mr. CARVELL: Mr. Commissioners: When we adjourned for lunch I was down to the point when the letters had been given to the American Ammunition Company for two and a half million fuses of a kind to be designated later, on receipt of cablegram from the War Office, and also the letter to the International Arms and Fuse Company for two and half million time fuses of one or more of three different marks. The evidence, I am sorry to say is very very limited as to what took place between that and the actual letting of the contract. We know that representatives of both parties were here; we know that (I have forgotten the names) but I think two representatives of the International Arms and Fuse Company were here, and arrangements were made for the contract, but I think the evidence is practically silent as to the negotiations which took place. We also know that Messrs. Yoakum, Bassick and Cadwell were here some time around 4th or 5th June—I am not positive as to the date, but I am near enough when I make that statement—and we know they had numerous conferences with members of the Shell Committee, principally General Bertram and Colonel Carnegie, and as a result of these conferences it was decided that they were to take a contract for 833,000 time fuses, and 1,666,000 graze fuses—I leave off the odd numbers. The time fuses were to be \$4.50 each; the graze fuses were to be \$4 each. I want to address my remarks just for a very few moments to all the evidence which we have before us as to the establishment of the price of \$4 for the graze fuses. I think I have established to the satisfaction of the Commissioners and of every person who cares to read the evidence, that on the 4th or 5th June, whichever it might be, Colonel Carnegie knew what was a graze fuse, and what was 100 fuse, which of course turned out to be synonymous terms. So far as General Bertram is concerned I think I may as well state here I do not think he knew anything about it, nor did not profess to know anything about it; in fact I do not think General Bertram knew very much about the letting of these contracts, and does not profess to know very much about them. The dividing up of these contracts, the allotment of one kind of fuse to one company and another to another so far as the evidence goes was entirely in the hands of Colonel Carnegie, and not directly in the hands of General Bertram; and the only evidence which I can find showing the allotment of the different kinds of fuses to the different companies is that of Colonel Carnegie, which will be found on pages 113 and 114 of the report, and also to some extent on pages 128 and 129. I appreciate that Colonel Carnegie was treading on rather delicate ground when he was asked to explain the reasons why he made the allotment as he did, and as an evidence, or as an illustration of mental skating over very thin ice I commend the evidence of Colonel Carnegie as one of the finest examples on record in the English language. Any man who can read that evidence and not come to the conclusion that Colonel Carnegie has a very nimble mind would not be doing justice to his own intelligence, and certainly not to Colonel Carnegie. Without reading it all, it is quite lengthy, it is found at pages 113 and 114. He is asked these questions:—

Q. I understand that, but what did you do with the company?—A. Well, sir, we felt under obligation to go to each of them and say, "Here we have heard from the War Office of a change in design."

Q. If you felt under obligation, did you go to them?—A. We did.

And then he saw he must qualify that to some extent, and he says:—

Or at least they came to us, I think. We had this problem before us.

Then he goes on and tells the problem, and finally he sums up as his reason for giving the time fuses, that is the two and a half million time fuses to the International Arms and Fuse Company, in the first place, "We were under obligations to them, we had given them a letter, we had obligated ourselves to give them two and a half million fuses," and the only argument which he could advance was that they had aluminum purchased—point No. 1. Then he said—we come next to the 100 fuse, "Another consideration, we had learned during our negotiations with the Cadwell combination or the Bassick combination, that Cadwell, the president of the American Ammunition Company, had been for sixteen years vice-president of the Standard Screw Company, and Cadwell had informed us that the Standard Screw Company had made component parts of the No. 100 fuse and that he had some knowledge of its manufacture. Point No. 2."

Now, Mr. Justice Duff will remember I stated this afternoon that there was evidence that Cadwell had made parts, there you have it at page 114. And when pressed the very most that Colonel Carnegie could say about putting up this proposition to the other companies was this—it is found down near the bottom of page 114:—

If my recollection is correct, and I have a strong recollection, the International Arms and Fuse Company preferred the time fuses from the fact that they had secured their option on aluminum. I stand to be corrected by the representatives of the company but I believe that is the case.

But, sirs, there is not one word in the evidence that he ever pointed out to the International Arms and Fuse Company what was the graze fuse, what was the 100 fuse, what were the drawings, what were the specifications, what were the requirements, what was the cost, or anything about it, but simply he said they had the aluminum and they preferred the time fuse. I leave it at that.

HON. MR. DUFF: Of course there is some more evidence about that. Dr. Harris says that they were not offered any of the graze fuse.

MR. CARVELL: Certainly. I was coming to that. Dr. Harris says they were not offered them. There is not one particle of evidence in these whole 2,000 pages to show that any man on earth ever was told by Colonel Carnegie or General Hughes, or the Shell Committee, or anybody else that they had an order for graze fuse, or that they had anything in contemplation excepting time fuse, until we come down to the time that this contract was settled on the 4th or 5th June; and in addition to all that we have the fact that Cadwell says that that day he had with him a sample of a fuse he had made for the British War Office; he had completed a contract for the British War Office before that date at \$2.40 unloaded, or \$2.67 loaded. It is true he does not say that he told Colonel Carnegie the price, and I don't think he did.

HON. MR. DUFF: He say he did not.

MR. CARVELL: He is too bright a man to do that. Why on earth did not Col. Carnegie find out the price? Why, let us bring our common sense to bear upon this thing, because as I have said before in discussing evidence in any case, in summing up evidence anywhere, let it be a court or jury, or whatever it may be, that is trying to find out the facts of the case, you must take the circumstances into consideration. Here was a man charged with the responsibility of letting a contract for twenty-two million dollars, a man who says he went to New York and he put these men under a stiff cross-examination, a man who knew that Cadwell had been engaged in the manufacture of graze fuse or parts thereof and never went to the factory, a man who, if he knew it, and he must have known it, has concealed from this Commission the fact that he ever investigated their premises. Why, he must have known it because the man had a fuse there all manufactured, and showed it to him, and says, "There is my fuse, there is what I made for the British Government"—the only difference was that was made of brass and this was going to be made of steel. Why, can any man conceive for a moment that Carnegie did not know what Cadwell had done, and if he knew what Cadwell had done and did not ask the price, can he be excused for not asking? When



asked how he arrived at the price of \$4, he says: "Well, I had a letter from Mr. Sise." Let us read the letter from Mr. Sise, found at page 97; on the 29th May, four or five days before this thing was settled, he received this communication from Paul F. Sise:—

Referring to the No. 100 Percussion Fuse blue-print No. 21070A, January 7th, 1915, regarding which you had some conversation with our Mr. Hathaway, we find it very difficult, with only the blueprint and specification, to make a satisfactory quotation on one million of these fuses.

We understand that this type A metal is very difficult to work compared with ordinary brass, and have so far been unable to get a quotation on this material. A sample of the fuse and the blueprint of the gauges would materially help us in arriving at a decision.

In the meantime, without more definite information as referred to above, we will quote you on one million of these percussion fuses a tentative price of \$4 each, it being understood that this price can only be considered in the light of an estimate, and that a firm quotation cannot be furnished without more definite information. If this figure is of interest we would be pleased to go into the question further and with more definite information arrive at a satisfactory quotation.

How can Colonel Carnegie say that he considered that evidence upon which to establish the price for 1,666,000 fuses?

Sir WILLIAM MEREDITH: Was it not at least their estimate?

Mr. CARVELL: No, my lord.

Sir WILLIAM MEREDITH: They say so.

Mr. CARVELL: I don't think so.

Sir WILLIAM MEREDITH: Not fully informed, but with the information they had that was the estimate they made.

Mr. CARVELL: He says, "If this figure is of interest we would be pleased to go into the question further, and with more definite information arrive at a satisfactory quotation."

Sir WILLIAM MEREDITH: Undoubtedly.

Mr. CARVELL: It is pretty strong evidence, Mr. Carnegie, the expert of the Shell Committee, letting contracts for tens of millions of dollars, wishes to be put on record as letting a contract with this Allison concern on that kind of evidence and information; I think it is the worst thing he could say about himself.

Sir WILLIAM MEREDITH: Plus his own judgment.

Mr. CARVELL: Plus what? I am going to see what, and it will be so small you could put it on the point of a pin, and it won't fall off at that. Plus what? Did he consult Morgan? No, never—"We did not consult Morgan's; they quarrelled with Allison; therefore we will have nothing to do with them." Did he consult the British War Office? Never. Later on he says he saw a statement that contracts were let at prices around \$3.60 with the gain or \$3.30 without the gain. \$3.30 filled. Did he figure it himself? Never. He said he had the ability to do so; he said he was a mechanical engineer of years standing, he had been foreman of works in the Old Country, he had worked in fuse factories; he had the ability to figure it up, and he did not do it. Now, where is the plus? Why, sir, if there was nothing else, only that alone, it would stamp this thing as so negligent as to amount to legal fraud, if there is nothing else.

There is no getting away from the facts of the case. What are the results? A contract so unconscionable that when the Munitions Board got it, one of their very first acts was—I won't say their first, but quite early in their official position they commenced to make investigation about this. We had commenced to discuss this matter in the House as early as the beginning of January; this was a matter that

was known—don't think for a moment that the Members of Parliament did not know something about this thing. It was so vicious that the people had to know about it, and every man in the fuse business or munitions business in the United States knew about it. Vicious! I have no other word that correctly characterizes it. So vicious that this man admits himself that he has now learned that at that time contracts had been made in the United States as low as \$1.75 for this fuse. Vicious! Why, the very man he was contracting with had completed a contract at \$2.67 for this fuse, and he knew it, and he never asked him the price. The contract was so unconscionable that after some time in February all the fuses which they delivered on this were cut from \$4.00 down to \$2.34½. I think it is, plus of course the 27½ cents, which brings it around \$2.70—a contract given at \$4.00, which was afterwards reformed to \$2.70; and they go on and are making a million dollars out of it, to divide up amongst themselves and amongst these people who are interested in the contract. A contract so bad that Cadwell himself admitted that he could have taken that contract at \$2.32 unloaded, and given half a million dollars commission, and still made money out of it. A contract so vicious that while Cadwell is sub-letting this to different firms in the United States he would not state the prices he was paying. A contract so vicious that he is under written agreement now that all fuses that are not delivered after a certain date, some time in July, will be at \$2.02 or 3 cents. How in the world can Colonel Carnegie, or any apologist for Colonel Carnegie, come to the conclusion that he exercised even ordinary prudence? Nay, sir, how can you come to the conclusion that there was not something worse than negligence in a man putting through, as the trusted agent of his Government engaged in a world war, a contract of that kind. But when you drive him to the wall what does he do? He comes back and says, "Whose business is it as long as we get these completed shells at a price within the amount stipulated by the War Office? He cannot take any other situation; he is bound to take that situation. Why, sir, the figures show that the reformation of this contract by the present Munitions Board has removed one million four hundred thousand dollars from their profits.

Sir WILLIAM MEREDITH: Do you think that is quite a fair way of putting it? What was the position of these people at the time this change was made in the contract? The contract was forfeited, so that they would be compelled to come to any terms.

Mr. CARVELL: Why finish it up? They had not erected any plant to build graze fuses. Cadwell and his friends have never built a plant; Bassick never built a plant; Yoakum and Allison never thought of building a plant; they were only thinking of commission. They had expended nothing at all; they had simply gone out and sub-let it to middleman after middleman, and still they could afford to have these made for the offer which the Munitions Board made them, practically cutting the thing in two, go on and finish the contract, and pay out the million dollars commission or blood money to their friends. I may be using pretty strong language; I intend to. That is my object in putting this in. I am putting it logically. I am only quoting the evidence; I am not saying a word that is not upon the evidence; I am drawing a conclusion that cannot be got away from, and it is my object to do it just as strongly as I possibly can, because I want to impress this Commission, and I want to impress this country as to the conditions of the contract that this man Colonel Carnegie had made for the British War Office. If he wants to take the attitude, "We are not trustees at all; none of your business what kind of price we paid for these fuses, it is no man's business in Canada that we have given a million dollars to Allison and his friends," if he wants to take that position that is all right, I have no quarrel with him, but he cannot take that position if he is a trustee or acting as a trustee, he cannot take that position if he is a loyal British subject working for the British Empire. There is no getting away from it, and there is no need of coming back and saying, "This is not Canadian money, this is British money;" it is the British Empire that is fight-

ing this war and putting up money. I have ten times as much respect for the man who admits he has stolen Canadian money when the Parliament of Canada have the right to investigate it, as I have for the man who says, "I am trustee for the British Empire, I have misappropriated those funds, and it is none of your business." I put them in a different category altogether. Who is responsible for this condition of affairs?

Hon. Mr. DUFF: There is perhaps one aspect I will be very glad to hear what you have to say about, and that is the suggestion that there was such a rush that urgency excused this precipitant settlement of the price.

Mr. CARVELL: I will be very glad to discuss that. Before this contract was made for the graze fuse at all Mr. Sise of Montreal intended to tender for the graze fuses, and wanted to do business, and Col. Carnegie says that the urgency was so great that we could not discuss this thing with Canadian manufacturers, and we could not give them contracts for time fuses because they did not have the experts. I think what we have shown later on shows what piffle this was about experts. However, I may have a word to say about it later on; but they said, "Because you did not have experts in Canada we could not give you contracts for loading time fuses." If Col. Carnegie wanted time fuses, if he wanted them in a hurry, if he wanted to give business to Canada, if he is sincere in what he says, why on earth did not he tell the Russel Motor Car Company, who were knocking at the door begging for a chance to manufacture fuses, begging for a month before these contracts were made, "Why, you cannot load time fuses, but we have a graze fuse we can give to you." They could make graze fuse, because there was no loading about it. No matter from what standpoint you view this, it comes back to the fact that Allison had to have that contract, because Allison and his friends had to have commissions; and I think I can go further and say that he had to have that contract on the instructions of Sir Sam Hughes, because Sir Sam was determined that Allison should have commissions. I want to discuss that phase of it now for a moment. At the inception of this business the British War Office cabled to Sir Sam Hughes, as Minister of Militia of Canada, and entrusted him with the high and patriotic duty of furnishing munitions. There is no doubt, it is matter of history now, and no person can be found fault with for stating it, that at the inception of this war the Empire was woefully short of munitions; there is no doubt that as late as May, 1915, they were woefully short of munitions. It is only a miracle of the Almighty, I think, that the Germans did not get through to Calais in the months of April and May, 1915; and the great cry of the British Empire was munitions, munitions, and still more munitions; and Sir Sam Hughes, as Minister of Militia, had made a contract with these four gentlemen to furnish these munitions for him. He says they were his committee, they were acting under his instructions, although I know in one place he says, "I did not go near them more than once or twice; I handed the business over to them," but he had sufficient influence over them to send them down to New York to Allison, and therefore there is no getting away from the fact that they were acting under his instructions to that extent, and so far as the War Office was concerned the only man they looked to was Sir Sam Hughes. He was their trusted representative in Canada, he was their trusted representative to handle their money for the purpose of producing munitions; and while they may say that the War Office had knowledge of these contracts there is one remarkable omission, and I called Mr. Hellmuth's attention to it about three weeks ago, and therefore he cannot say I am springing this upon anybody, that there is not one particle of evidence that the War Office ever knew that Alexander Bertram, E. Carnegie, Mr. Watts, and Thomas Cantley, were the Alexander Bertram, and the Watts and the Carnegie and the Cantley who were members of the Shell Committee—not a particle of evidence of that, and I called Mr. Hellmuth's attention to that three or four weeks ago.

Sir WILLIAM MEREDITH: Does that mean that although they knew four men bearing the same names were contractors and members of the Shell Committee, that they would not identify them as the Shell Committee?

Mr. CARVELL: I do not believe they ever knew who were the Shell Committee; there is not a particle of evidence that they were ever told, and I don't believe they ever knew it, and I don't believe they ever knew it till Mr. Thomas came out here. You know we have not very much evidence about what took place when Mr. Thomas came here, but he came. I think your Lordships perhaps know more about it than we do, but when the Empire was struggling a year ago they did not send Mr. Thomas out here for the fun of it; there was some good reason why he came here; and without going further I can only say he came, he investigated, he stayed about three months, and the Shell Committee ceased to exist.

Hon. Mr. DUFF: You made a remark there that I think perhaps ought to be referred to, because while we had the correspondence—and I may say I took the trouble to go through the correspondence that was placed before us, although probably it was unnecessary—the only letters in the correspondence that really seemed to throw any light upon this have been put in evidence. I think it is only fair to say that. It was Mr. Moorehouse who went through it and marked the letters.

Mr. CARVELL: There is enough in that correspondence to throw a whole flood of light on what Mr. Thomas thought of the Shell Committee. Mr. Thomas quarrelled with them very severely because they would not put these things up to tender, and because the prices were high; and I don't care how you attempt to get around it. I am not saying that personally, of course—how any person may try to get around it, the fact is that when he came they were going ahead in all their power, and doing as they chose, and in a few days the Shell Committee ceased to exist.

Sir WILLIAM MEREDITH: Is it not rather singular that two men whom you incriminate were placed upon that Board, and Colonel Carnegie remained as expert?

Mr. CARVELL: Is he in the same position as he was before the 1st December, 1915?

Sir WILLIAM MEREDITH: If there had been a shadow of suspicion in the mind of Mr. Thomas, a grain of suspicion of what you have been arguing to us, he never would have been in that position.

Mr. CARVELL: Why, my Lord, he was not one of the contractors. Do you suppose Mr. Thomas knew what had taken place over the American Ammunition Company's and this graze fuse business? Does any man for a moment suppose that was told him? He knew Colonel Carnegie was not a contracting member. I know my friends will refer to the very complimentary letters given them by Mr. Thomas when he left. Well, do not let us forget the fact that the British Empire was at war, and the British Empire was looking to Canada for assistance, and the British Empire had handed this matter over to Sir Sam Hughes, and things had gone wrong, and they were compelled to send a man over here to straighten it out, and I don't think you could expect diplomats to tell them what I am telling this afternoon; but you cannot read the correspondence without thinking they had pretty near the same thing in their minds as I have this afternoon, but they did not have the same information that I have got. Sir Sam Hughes candidly admits he wanted to hand this thing over to Allison and General Drain; he wanted to appoint them a Commission to do all this business, and he says they started out getting prices, and he does not state how much business they did. We had one little side light in it over those belts, so bad that it brought a protesting letter from the Premier to the Minister of Militia. We have the admission of the Minister that when he was down at Valcartier the Government took it out of his hands, took it away from Allison and appointed a Committee, presided over by Sir George Foster, and they made a nice fizzle of it. Sir Sam Hughes said that was done while he was at Valcartier. They had prevented his friend Allison from getting the commission he was entitled to, and he told Allison to get busy and scratch gravel. Here was the trusted agent of the British

Empire telling a man like Allison, because he had been turned down by his own Government, to get busy, scratch gravel, take commissions as long as they are not too big. This man Allison had got the consent, he had almost the confirmation of the Minister of Militia, "Go ahead, don't take any commissions out of the Militia Department of Canada," and the obvious reason is there is a Public Accounts Committee in Canada and they will find it out—"Don't do that, but take all the commissions you can get out of my cestui que trust, the War Office, the British Empire." That is the attitude this gentleman has taken before this Commission, that is the attitude which he says he is proud of, and that is the man whom he says he thinks more of to-day than he ever did before. Well, if Sir Sam Hughes is proud of the position in which he finds himself, if he is proud of the position which he has taken, that is a matter for his conscience, and for the conscience of the political friends who are supporting him.

Hon. Mr. DUFF: You are getting into politics.

Mr. CARVELL: I will withdraw it.

Hon. Mr. DUFF: That is not addressed to us, I hope.

Mr. CARVELL: I will withdraw it. He says, "I stand by Allison, and I am going to stand by him to the end; Allison took these commissions and he was entitled to them; Allison is a man who manipulated one million dollars out of the British Government, and I respect him for it, and I stand by him." It is true he says "Allison never told me that he had taken all these commissions until I read it in the papers or got the cablegram in London." It is true he says, "I did not know what a graze fuse was; I did not know when I went down and started this Allison game going on the 30th of April what a graze fuse was." Well, I do not know that I have a right to say what my opinions are, but I want to say what the evidence shows about this gentleman, because there we come back again, when you have to judge of the evidence of any witness, I don't care if he is Sir Sam Hughes or General Bertram, or Allison, whoever it may be, they are all witnesses in the eye of the law before this Court, and when they make statements, and you want to satisfy yourselves as to whether those statements are correct or not you are bound to adopt the ordinary methods employed in Courts of justice in order to test the veracity of witnesses—

Sir WILLIAM MEREDITH: Throughout the whole course of my judicial career I have never permitted a counsel to abuse or treat unfairly a witness. I regret very much that the rights of witnesses when they come into the box performing a public duty are not better respected by the Bar of the Province to which I belong.

Mr. CARVELL: May I ask a question?

Sir WILLIAM MEREDITH: You may.

Mr. CARVELL: Have you any objection to find with the manner in which I have treated the witnesses in this investigation?

Sir WILLIAM MEREDITH: You were not examining General Bertram; Mr. Johnston was. But my observations were general.

Mr. CARVELL: If I had been I would have pressed the thing a great deal further than Mr. Johnston did.

Now, I am going to discuss the evidence, which I contend I have a perfect right to do. Let us take the manner in which Sir Sam Hughes gave his evidence, and some of the statements which he has made. He has admitted that he read in the House of Commons in the month of January, I think it was the 25th or 26th January last, that in the House of Commons he made this statement:—

"I may say further concerning Col. Allison—I shall refer to the matter of fuses in a very short time—that in all his dealings with business firms in the United States he has in each instance so I am informed and believe, given those with whom he dealt the following letter, or one similar, May 14, 1914: (1915).

"Confirming my verbal statements to you of yesterday, and in order that there cannot be any room for misunderstanding I now re-affirm in writing my position in

connection with the fuse question. I have been and am doing my very best to secure the lowest prices possible for the Government, and above all things wish to do whatever I can to aid them in procuring the best workmanship, lowest prices, and largest deliveries possible; and if you are bidding for the manufacture of this fuse for the Shell Committee or the Canadian Government I want it distinctly understood that I do not want any profit added to the price under any conditions, with the intention of providing a commission for me, as I would not under any circumstances accept a commission of any kind from anybody in connection with this matter. J. Wesley Allison."

The evidence is that that letter, or one very similar was sent to two people; one to the International Arms and Fuse Co., who repudiated the man as he deserved to be repudiated; he sent him back the most biting, sarcastic letter I have ever read; and the other was the man whom the British Consul General was trying to use as the means of pulling down prices of fuses for the British Empire. He sent that to no other person; and yet Sir Sam at that time, realizing or trying to make the country believe that it was a wrong process or something derogatory, worse than derogatory to a man working under him to take commissions on business done for the Empire read this letter and made this statement in the House, that Col. Allison in every instance when he was doing business with people in the United States had given them that letter telling them that he did not want anything added to the price to provide a commission for him, and yet he tells now long before this letter was written, away back in the autumn of 1914, that he told Allison "Go ahead and take your commissions, but you must not take them out of my Department"—and I add these words myself, because the Public Accounts Committee will find you out if you do. "Go ahead and take your commissions" and he comes back now and says "I justify him taking commissions." I do not care what attitude Sir Sam Hughes and counsel want to take, I put it up to him here, and I put it up to this Commission as strongly as I know how, either he was deceiving the people of this country in January, 1916, or he is deceiving them now; and he can take whichever horn of the dilemma he wishes. My opinion is he was deliberately deceiving this country in January, 1916.

Hon. Mr. DUFF: You do not suggest we have anything to do with General Hughes' statement in Parliament except as evidence?

Mr. CARVELL: That is all. I am only quoting this now to show with what manner of man we are dealing, because I am coming to Sir Sam Hughes' evidence. The next thing I want to refer to is—and we must also remember that at that time, at the time that he told Allison to go ahead, take his commissions, and at the time when he made his statement in the House he had in his possession Sir Robert Borden's letter written to him on the 18th November, 1914, telling him that while he was in the Militia Department he found evidences of middlemen, and he wanted it distinctly understood it was not the policy of his party to do that, and he hoped if it ever became necessary he would consult him. We have the attitude taken of Sir Sam on the two occasions, and he can take his choice of which ever position he wishes to take. But it is the evidence I am quoting as to the manner of man with whom we are dealing. I want to deal with certain evidence before this Commission. I want to refer to page 1232 first. Mr. Hellmuth asked him on direct examination:—

"Q. You say a man would come and ask you, and you would give him a card which read 'General Bertram, please see so and so'?—A. Yes.

"Q. Did you carry that any further; did you write personal letters to General Bertram?—A. I never did.

"Q. Did you do that to Colonel Carnegie?—A. No. There was no use trying.

"Q. Did you take any of these gentlemen over to the Shell Committee yourself?—A. Never. I never was in the Shell Committee's room here, I don't think. I don't think I was ever in his office but twice or three times.

“Q. Were there any private marks on the cards you sent to the Shell Committee?—A. No. I sent over half a dozen fellows from my own county. Nobody from my own county got a contract until contracting was about over. I never got a contract in my own county, so I could not have had much influence with the Shell Committee.

“Q. Perhaps you do not want to favor your country?—A. Don't I?

“Q. Well, seriously, did you exercise any influence?—A. Never.

“Q. Either upon the Shell Committee or the members of the Shell Committee to induce them to give contracts to anybody you might know?—A. Never in any form or manner.”

The next day when Mr. Johnston started in to cross-examine him, as will be found on page 1245, Mr. Johnston produced six letters—I am going to read only one of them—six letters which this gentleman admitted without any doubt at all were copies of the letters which he wrote. He had sworn that he had never asked the Shell Committee to give a contract to anybody.

Mr. NESBITT: Used influence.

Mr. CARVELL: Or used influence.

“OTTAWA, April 29, 1915.

“My Dear GENERAL BERTRAM:—

“You know Mr. Wilford and Mr. Carew, M.L.A., of Lindsay.

“I am asking for my home town of Lindsay the small number of 50,000 high explosive shells. These men and their associates, Messrs. G. S. Dukes, T. R. Hindes, John Carew, M.L.A., Dr. John MacAlpine, and F. R. Wilford, under the name of F. R. Wilford & Co., of Lindsay, will do this work up to perfection.”

He admitted that Dr. John MacAlpine was his own brother-in-law; and Mr. John Carew was member of the Legislative Assembly from his own county. The other letters are similar; I won't read them. He admitted without any question at all that he had written those letters; he admitted they got contracts, I think he did, anyway they did as a matter of fact, and it never phased, the man apparently never realized it was contrary to what he had sworn the night before, and it never bothered him a bit, and he went on as if the thing had never happened. And I have a right to ask this tribunal, and I have a right to ask any tribunal to say that a man who gives evidence of that kind at least must expect to have his evidence discussed in a pretty plain manner when it comes to the material part of this issue. It is a material part of this issue as to what knowledge Sir Sam Hughes had at the time of the Allison contract, and with that kind of a man as a witness, with a man who has admitted the condition of affairs as I have described, have I not a right to ask this Commission to look more carefully into his motives, more carefully into the things which he has said and which he has not said, than other witnesses, than hardly any other witness which has been on the stand since this investigation started. The Minister says that he wanted to break prices. He was not satisfied the way things were going. He must have known that the price of these fuses was pulled down by the British War Office from \$5.60 to \$4.50, and he must have known on the 29th April when he started for New York that there was a contract for five million fuses, and I believe he knew that there was a contract for a certain portion of graze fuses. He may say “I did not know what a graze fuse was”—

Hon. Mr. DUFF: It does not help us much, you know, to say you believe that; are you going into the facts upon which you found that?

Mr. CARVELL: I want to be frank about it; I don't think I have very much evidence other than what I have quoted.

Hon. Mr. DUFF: General Hughes was perfectly explicit as to his knowledge of graze fuses. He not only (I think I mentioned it this morning) said he knew nothing about it, but when he came back and found this cheap fuse had been let for that sum of money he—

Mr. CARVELL: I wish we had been allowed to go into the evidence of the Flavelle correspondence with this same gentleman. Allison and their friend down in Boston, that is Phillips. I think it would have thrown a flood of light probably on what he thought. We were not allowed to go into that.

Hon. Mr. DUFF: You were told yesterday, I do not know that there is any necessity for repeating it, but it is a fact, that our view was that in so far as that correspondence disclosed facts material to the issues, those facts were before the Commission, and there were reasons, reasons which I think were very powerful public reasons, for that correspondence not being made public.

Mr. CARVELL: Very well, you are the judge. I am discussing the evidence of Sir Sam Hughes, and I am laying a foundation upon which I am going to ask you to find certain things, but rightly or wrongly these are my premises.

Hon. Mr. DUFF: But when you say he had a knowledge of the fact—

Mr. CARVELL: I did not say that.

Hon. Mr. DUFF: You said you believed he had knowledge of the fact, and I wanted to know whether that rested on anything specific.

Mr. CARVELL: On a good many things.

Hon. Mr. DUFF: You intend to go into it?

Mr. CARVELL: I am going into it now, pretty soon.

Hon. Mr. DUFF: All right.

Mr. CARVELL: In the first place he wanted Allison to have commissions; in the second place after the price had come down as low as it possibly could be brought, if we can believe any of the evidence at all, down to \$4.50, he asked General Bertram and Col. Carnegie to go and see Allison and get him to pull down these prices, and he took the trouble to precede Col. Carnegie to New York.

Hon. Mr. DUFF: I do not think that is quite accurate.

Mr. CARVELL: Does not Lloyd Harris swear he was there on the 13th?

Hon. Mr. DUFF: My present recollection of the evidence is—I cannot say my recollection is quite precise, but so far as it goes it is this, that General Hughes intervened before the 26th April—

Mr. CARVELL: No, not a particle of evidence.

Hon. Mr. DUFF: Oh yes. What I am thinking of is this; I asked Allison and Yoakum a question with another object, I wanted to find whether they had made any report before the meeting of the 26th April, and the result of the evidence on that point was that they made no report until about 1st May, but the joint effect of their evidence was that the investigations with regard to prices, with a view to getting a reduction in price, took place some three weeks before that, began some three weeks before that.

Mr. CARVELL: But what particulars did they give us of that? None whatever. Perhaps I can throw some light on it.

Hon. Mr. DUFF: If there is any evidence that shows specifically that it was not until after the 26th April that Allison was asked to intervene for the purpose of breaking prices, I would like to hear that.

Mr. CARVELL: I cannot lay my hands on it, but I will state this: Colonel Carnegie states positively somewhere in his evidence as to what took place when Sir Sam requested him to go to New York—can some of my friends give me the page?

Mr. LAFLAMME: 1066; some time in March?



Mr. CARVELL: That is Mr. Yoakum. I want Colonel Carnegie. Here we have it on page 61:—

Q. I want to know what business you had with him? (Referring to Colonel Allison)—A. No business at all.

Q. Then when did you, if at all, have any business with him?—A. The next business I had with Colonel Allison was on May 1.

Sir WILLIAM MEREDITH: That is hardly accurate. The first business.

Mr. HELLMUTH: The first business you had was on May 1. What was that business?—A. I was asked by General Hughes who knew we had been arranging with Dr. Harris regarding fuses, to call on Colonel Allison on May 1. General Hughes knew that I was going to the States to investigate the loading proposition, and he suggested that Colonel Allison could put me in touch with manufacturers who would, he thought, bring another element of competition into the question of fuses, and bring the price down, that being the main consideration in General Hughes' mind, apart from quality and quickness of output.

Hon. Mr. DUFF: If that is what you are referring to I misunderstood you; I thought you were referring to Allison's own investigation which he was to undertake, not at the invitation of Colonel Carnegie but at the invitation of General Hughes himself at an earlier date.

Mr. CARVELL: If Allison had been doing something he never gave us one word or one item, neither did Mr. Yoakum, and considering the position which these two gentlemen occupy so far as I am concerned I dismiss it entirely from the discussion. Other gentlemen can discuss it if they want to; if these men had done anything prior to 1st May to bring down the price of fuses they would have been only too happy to have told it, and make no mistake; if General Hughes or his counsel could have got one little fact out of those men as to what they had done they would have had it; and it does not amount to very much to me anyway, and I do not think it amounts to very much to any person in this room what Allison or Yoakum may have sworn to unless it is backed up by something a little better than their evidence. Now, on the 1st May Col. Carnegie landed in New York and Sir Sam preceded him, and was there in consultation with Allison on the 29th and 30th April. That is sworn to by Lloyd Harris. Col. Carnegie came there and interviewed these gentlemen, and they came to Bridgeport and went back home. What did these gentlemen do to bring down prices? What evidence have we after the 1st May? What is there, the least thing in the world that was done? Why, even the letters which Allison wrote to these two gentlemen, which if acted upon would have had the result of bringing down the prices, were not written to his own friend Yoakum, and he took precious good pains to do nothing in order to bring down the price as far as Yoakum was concerned. He did not even write to his partner. Take the story told by Allison and Yoakum. Allison says that he introduced Yoakum and Craven to Col. Carnegie, and he was present himself on the 3rd or 4th I think, when they met, and he was also present when they met on the 14th, but "I did nothing; no, I was out of it entirely; I did not know what Yoakum was doing at all; I did not even know that Yoakum had arranged to take a commission, I did not know that Yoakum was getting 19 cents each on these fuses, I did not know Yoakum was going to give me one half of it less \$30,000 to be paid to Craven," and when he came to me and said "I have a nice little present for you of almost a quarter of a million dollars," the poor man nearly fell down in a dead faint; and on the 5th May while these negotiations were going on he got \$10,000 in cold cash from Yoakum as a part payment for getting into the game, and Sir Sam Hughes knew nothing about it at all. Can any reasonable man who wants to get at the truth come to the conclusion that these men are telling the truth when they tell you there was nothing took place between them regarding the negotiations on this half million dollar sum more than they tell you in this evidence? That is the question I put to this commission. That is the question I put

to this country. These men who banded themselves together took from the people of this Empire a million dollars which they had no right to take—they would have taken two or three million dollars they had no right to take if somebody had not intervened. These men who planned this nefarious deal, these men who were partners, the one man paying the other man \$10,000 on that occasion to get into it, and Allison never asked any questions, and Yoakum never informed him! Well, I don't believe it—nobody believes it. These are the gentlemen who are responsible for the condition of affairs which I described a while ago, and that is the making of this contract by which a million dollars was taken out—a million dollars taken out by whom? Analyse that for a moment. Cadwell was the man who was going to do the manufacturing. Cadwell was going to put up the money, Cadwell was going to take the responsibility, Cadwell was going to bear the loss, if loss there be, and Cadwell was satisfied with a quarter of a million dollars out of it. Bassick was putting up no money, took no responsibility, agreed to share no portion of the loss, and he was satisfied with a little over a quarter of a million dollars. Yoakum was putting up no money, although he says he had agreed on twenty thousand to be called upon to do so, and I take that with a very great deal of reserve, but taking it at the very best he had agreed to put up twenty thousand, but putting up no money, taking no responsibilities, liable for no losses, and he was getting one half million dollars, or thereabouts out of it, and he did not tell Allison.

They had better go and tell that to the Marines or to some other fabulous people, but do not tell it to ordinary mortals in Canada who know something about humanity and something about the people we are dealing with.

Another question comes up, namely, what became of the money? I am not very particular about that. They pulled off the deal, and pulled off the deal if not with the knowledge, with the approbation of Sir Sam Hughes, who was the superior of the whole company.

Hon. Mr. DUFF: Do not say that.

Mr. CARVELL: He says so now.

Hon. Mr. DUFF: You are making a statement there.

Mr. CARVELL: Would I be nearer the mark if I said he was an accessory after the fact?

Sir WILLIAM MEREDITH: I hope my silence does not intimate that I assent to your remarks, Mr. Carvell.

Mr. CARVELL: I understand that, sir. But I am making the argument. You have the advantage of me in that you have the right to make any remark you wish. You need not quarrel with me. I am merely making my argument.

Hon. Mr. DUFF: I intervened at that point just because it seemed to me that you were making a statement which was going too far.

Mr. CARVELL: I want to keep within the limits of the evidence.

Some months before this he had told his friend, his bosom friend and guide, to go ahead and take commissions out of the British business, as long as they were not too big, and had sent these people to Colonel Allison to make a contract, and Colonel Allison had got the people together, with his knowledge—and I think I can go so far as to say under his instructions, I do not mean as to individuals, but instructions to form a company. He now says he found no fault with him for taking a commission. How much milder can I put it than to say he is an accessory after the fact?

Hon. Mr. DUFF: I thought you said, or that the effect of your sentence was that it was done at the time with the approbation of General Hughes.

Mr. CARVELL: I said he did it with the approbation of Sir Sam Hughes.

Hon. Mr. DUFF: With the subsequent approbation of Sir Sam Hughes.

Mr. CARVELL: I willingly put it that way. I want to add also, and previous instructions to him that he was justified in doing so if he wanted to.

The next question comes on what became of the money? I don't know that we are very much interested in that. \$220,000 of it went to or will go to Colonel Allison. He differs a little with the other gentlemen as to why he divided up the way he did.

But I do not care whether there is a little difference between him and his Mr. McBain. McBain did not want to be dragged into this thing as a partner, and I do not blame him. Mr. McBain resents very bitterly being dragged in as a partner of Allison in this deal, but he says that Allison was paying him money.

About Craven we have no information whatever. They thought they owed him something, and agreed to give him \$30,000.

We have no information about George Washington Stephens. I don't think Colonel Allison agreed to make him a partner, but he was paying something on account of the contract.

Colonel Allison says he gave an order to Miss Edwards for \$105,000. Miss Edwards has got \$16,000 out of it. Now she is ill. That is a failing or a misfortune rather in the Allison family. The Colonel himself turns sick, and now Miss Edwards is sick and we are not able to throw much light upon it. It does not make an awful pile of difference to us. However, in some way the Allison family was getting the lion's share of this rake-off.

On this statement of fact my learned friend Mr. Hellmuth now puts up Sir Sam Hughes, or rather puts words in his mouth he might never use. Not only that, but he puts meaning in his mind which never existed, and wants this Commission to negative things he has put up as being in the mind and in the mouth of Mr. Kyte.

I put up to you the evidence in the case, as far as Sir Sam Hughes is concerned and his friend Allison.

Now for a passing remark as to Colonel Allison. I take no interest whatever in anything he may state that is not backed up by documents, and I think I am voicing the sentiments of every person in this room when I say that he is a man who could not remember anything except what suited him to remember. No matter what he was asked reflecting upon himself or upon his friend the General, he could not remember.

When confronted with copies of telegrams he had sent to his friend Morgan (one of the same ilk as Allison and the rest of them, even on the testimony of Sir Sam Hughes) it is wonderful how they managed to surround themselves with such creatures as they did in the early stages of the war. When I confronted him with copies of the files he had sent to Morgan and what his friend Lignanti had sent to Morgan and with the telegrams that had been sent back to him, what did he say? He said he did not know, that he could not remember, he would not admit even the signature of his own secretary, Mr. Seyforth. What earthly credence can you put in the evidence of a man of that kind?

In the face of the evidence this man gave and the manner in which he gave it, with a failing memory when necessary and a good memory when that was necessary to make out a point, I think I am right in saying that I dismiss the evidence of this man entirely, except when it is supported by documentary evidence which has not been forged.

Now as to Benjamin F. Yoakum. Yoakum appeared as a very bright and candid man, that is, in appearance. He told the thing as it was, excepting the negotiations which led to this contract.

No man could ever tell me that Yoakum put that deal through, involving nearly half a million dollars, without going to the man who was the source of all power and of all information, the man to whom he paid \$25,000 to secure his power and to secure his influence—no man can tell me that he put that deal through and got half a million dollars for the two of them without ever reporting to that man or telling him what he was getting or anything he was getting, and going back and saying "I have a present for you". That is too thin a story to be believed by anybody.

One more point and I am through. I apologize for taking a little more time than I intended. The subject, however, is interesting.

I complain of this Shell Committee that (I do not know that it is pertinent to this inquiry, but it has been brought into the inquiry and has formed a very serious subject, and it is close to the very heart of the great Canadian people)—half a million of money has been squandered by a gang of disreputables down in New York.

Outside of that, I am going to a matter which affects the Canadian people more than anything else, namely, the manner in which upright and reliable manufacturers of Canada were treated by the Committee or treated by Colonel Carnegie assisted and abetted by Sir Sam Hughes.

I am not going to read the evidence, because it is fresh in the minds of the Commissioners. I only want to give the pages to which I am referring.

The first information I get of any Canadian manufacturers or that any Canadian manufacturers in fact were trying to get into this business was about the 15th of February, when negotiations with Mr. Nicholls, the President of the Canadian General Electric Company were commenced.

Mr. Nicholls had some correspondence, which may be found at pages 43, 44 and 45 of these proceedings. He wanted to go into the manufacture of fuses.

You will remember, as I referred to earlier in my remarks, that when Colonel Carnegie came back to Canada in the latter part of January, 1915, he went to Colonel Nicholls with a proposition that he manufacture 20,000 fuses, under the conditions mentioned by me this morning. I shall not refer to it again.

Considerable correspondence took place between them, and when you get down to page 45, the 27th day of February, we find this most remarkable letter from Colonel Carnegie:—

“I apologize for not having acknowledged receipt of yours of the 22nd instant which awaited me on my arrival at Ottawa last Tuesday. Unfortunately I left it in Ottawa and only had it returned to me this morning.

I quite understand your position on the subject of fuse manufacture and until some definite course is outlined, it might be advisable to keep out of the manufacture of this delicate piece of mechanism. I should not, however, be disposed to give up the idea of ultimately taking up the manufacture of fuses.

I regret very much to hear of the difficulties you are experiencing with regard to inspection. I believe Major Ogilvie intends going into the matter very fully with you and I hope some satisfactory settlement may be arranged.”

That company is perhaps the largest manufacturing concern of its kind in Canada.

This was all before the five million contract was in vogue, but only a few days before, because it was the 27th day of February—a month and a few days.

The next man who seemed to want to get into the game was Melville T. White. Mr. White was an employee of Colonel Nicholls. He gave evidence here yesterday of how he and Mr. Kirby had figured on the cost of making fuses in Canada, and the possibility of making fuses in Canada.

When Mr. White retired from the room at the suggestion of Colonel Carnegie, he went into the proposition of making fuses. But they were turned down, as everybody else was turned down but these two American companies.

We now come to two pretty big American companies who wanted to do business. The Fenn Company, or the Artillery Fuse Company was one, and outside of the Scovill Company practically the only people who were in a position at that time to manufacture fuses.

Hon. Mr. DUFF: Or the American Locomotive Company.

Mr. CARVELL: Or the American Locomotive Company, yes, sir. These men, according to the evidence of Colonel Carnegie had one loading plant installed. This was as late as May 2nd, after they had been sent to Allison—do not forget that.

But they were dismissed with practically a wave of the hand, and they were gone.

Next we have the British Consul-General interfering, and he wanted Dowler to take a hand. Dowler went to Ryan and Ryan to Ohmer. They were not only dismissed with a wave of the hand, but were told that they were in the employ of the Germans—the Dowler-Forbes ring in the employ of the Germans—think of that.

I cannot understand the attitude of a gentleman who makes a statement of that kind in a public place like this, without any supporting evidence of it. A man may think he has a right to do that. I suppose he has a legal right, but how in the world a man can make an attack upon the representative of his Government in the city of New York and not follow it up and not give some particulars of it passes me and is beyond my comprehension.

However, those men were brushed aside.

Next, we come to the Northern Electric Company, they wrote a letter saying that they wanted to manufacture the No. 100 fuse, and even on their tentative offer they agree to do them for exactly the price they gave to the Americans or the Allison crowd.

Why were they not allowed in? They also were brushed aside with a wave of the hand.

At that time it is said that no contract for the graze fuse had been given. I do not believe it. They said they had not given any contract for graze fuses, but it was only the day before they got the cablegram from the War Office that the graze fuses were to be used.

He did not tell the Northern Electric Company that he had a contract for graze fuses; did not ask them to quote a better price, did not ask them to quote any price, but handed it over to Americans, passed over several Canadian Companies able to manufacture fuses by the million if necessary.

Take the Russell Motor Car Company. They got in on the very day Sir Sam Hughes went to New York to see Allison. They called up the Minister of Militia and asked him if there was a contract to be let for fuses. The Minister replied that there was. They, that is, Lloyd Harris and T. A. Russell, said they would like to take a hand in it, and that the Minister said to get busy and scratch gravel.

They had obtained the information through a friend in Philadelphia.

On the 6th day of May Lloyd Harris came to Ottawa, and saw the Shell Committee. He made notes of his interview. Those notes are written on the paper of the Windsor Hotel, and they are here in evidence. He says at that time he was told by Colonel Carnegie that these fuse contracts were in the hands of Colonel Allison and that he would have to go and see him; that he asked if Colonel Allison was a member of this Committee and that they said no, but that he would have to go and see him.

Yesterday the question was put to him, did you make that statement, and neither one would take the responsibility of denying it. They could not remember, they were not sure, and could not deny it.

How could they deny it, in the face of Lloyd Harris' written statement made the day it happened, at the hotel at which he was stopping?

Can anybody conceive of Lloyd Harris being villain enough to go from that conference to the Windsor Hotel, write those notes out, bring them here and swear to them? It is unthinkable. They could not deny it.

Not only that, but when things got so bad that he could not stand it any longer he took it to the Premier of Canada.

Lloyd Harris went to New York and called up Allison in reference to Colt guns, and Allison told him that he had dropped the fuse business and had so notified the Minister.

I described this morning the answer of General Bertram; he, knowing the whole story, knowing what had taken place, expressed the whole thing in the two words "Foxy Allison." Neither of these gentlemen will deny that.

That is supported by Mr. T. A. Russell, who was present at the time.

These gentlemen still persisted and said, "Won't you give us a chance now, won't you give us a chance to bid on the million or two or two and a quarter million of these fuses?"

They said they would give them thirty days, but shorter if possible.

These men hustled; if anybody ever hustled in their lives, they hustled. They covered the whole country from the Mississippi to the Atlantic. They got a fund of information, came back home, sent word on the 21st of April (which could not be found at first but which was finally dug up) saying that they would be down there in a few days and submit their proposition.

On the 25th they sent another wire saying that they would be down the next day with their proposition—the very day they gave the contracts to the American companies. They got a telegram not to come.

But they were not to be set aside. They went to work, prepared a document, and I ask this Commission if it is not one of the most business-like documents now before this Commission?

They were willing to manufacture a million fuses or more, not at \$4.50, not the price when Allison pulled the price to the limit, but at a price which meant \$300,000 or \$400,000 less than they were paying for these fuses in New York.

When they got down there on the 26th, Colonel Carnegie would not see them at first. Even then they were not to be put aside. They forced their way in and asked the question, "What does this mean, didn't you give us a chance to make this offer?" The reply was, yes. Then they asked why they did not carry out their word, and the reply was that pressure was put upon them.

When they were asked who they referred to, Lloyd Harris did not say who was referred to, but Russell said he believed they referred to General Hughes.

I want to ask any reasonable man this question, Who could they have referred to but General Hughes? One said "higher up." But who was higher up excepting General Hughes?

I know that we have the very frank confession of General Bertram yesterday, that he was a man higher up.

He may have thought so, but he is the only man in the room who would think so.

I want to say here in his presence that I do not blame General Bertram for any of the shady transactions we have been discussing here for the past three or four weeks.

General Bertram is a good Canadian, and if he had had his way the Canadian manufacturers would have had a chance to do business, and we would not have to face the spectacle which Canada has had to face during the last few weeks.

But when General Bertram has sufficient chivalry to take upon himself to say that he was the man who exerted pressure, I do not think he realized what he was saying.

The pressure referred to by these gentlemen was Colonel Carnegie. He had promised to give these gentlemen a chance to tender on these goods, but he had broken his word, and he says he was compelled to break his word because of pressure being applied.

General Bertram does not mean to say that he applied pressure to Colonel Carnegie to compel him to break his word given to two responsible Canadian manufacturers; never for a moment.

I am sure that when the General reads that evidence and thinks it out in the light in which I am putting it now, he will be the first man to say that he never intended to apply that kind of pressure.

He said he wanted to give a contract to Lloyd Harris, and Lloyd Harris says he believes General Bertram wanted to give him a contract.

But the pressure was applied by the only man who could apply pressure—Major General Sir Sam Hughes, the man who had sent Colonel Carnegie to New York, the man who had advised Colonel Carnegie about the going to Allison, the man who knew who Allison was putting in his company, the man who condones and ratifies the stealing of one million dollars out of the British Empire in order to line the

pockets of men who have no right to it, and the man who had months before this told Allison that he was justified in taking commissions out of British business as long as they were not too great, and who when he was asked what was too great said that 15 per cent was too great but that 10 per cent was all right.

Now, Messrs. Commissioners, we feel that all the Canadian manufacturers were crowded out, and that they were kept crowded out until sufficient pressure was brought to bear from another source higher up and still higher up, in order to let them in.

These gentlemen were not satisfied to play second fiddle; they were not going to be treated in that way. They were big Canadians, among the biggest we have in Canada, men who have made a mark for themselves in the manufacturing world in Canada. They were not to be elbowed out of existence by men like General Hughes and Colonel Carnegie. And they would not lie down under it.

They finally got, within a month after that, a contract for half a million of these graze fuses, not at \$4, the same as the Allison crowd did, but \$3.50. But that was too much of a price altogether. Now they want to take a contract for some millions at \$2.25, if I remember the evidence correctly.

Anyway, they got a contract for 500,000 at \$3.50 each.

Things went on, and the Committee were calling for other tenders. They were calling for tenders for a million time fuses.

But these men were never notified, and when the tenders were to be in by the 30th of September they did not know anything about it until the 25th of September.

They came back and asked why they were crowded out again. The Commission has listened to the explanation given by Colonel Carnegie yesterday about that, that they were trying to get offers, that they did not know what the price was going to be, that they wanted to report to the War Office, that they were not making contracts, that they were only getting offers, that they knew what the Russell Motor Car Company was doing and therefore did not notify them.

I say that I wish we had the Flavelle-Hughes correspondence here. I happen to know something about this thing. I happen to know the significance of the attempt to keep the Russell Motor Car Company out of those million fuses as compared with certain things in the Flavelle-Hughes correspondence.

But we will get at it some day. There is another way of getting at it.

When these men could stand it no longer, or rather after they found out that these American people had got a 15 per cent advance upon their contract, they went back again to Colonel Carnegie, and asked why they were not given an advance.

It is true there is a difference of opinion between them. They say he told them that they had never given the American concerns \$1 of an advance. Colonel Carnegie denies it. It is for the Commissioners to say who they believe.

But it will take some explaining to make the people of Canada believe that Lloyd Harris and Tom Russell are not telling the truth.

When they became entirely exasperated and could stand it no longer they went to somebody still higher up; they went to the Premier of Canada and laid all the correspondence before him, showed him how they had been treated by the Shell Committee, or certain members of it; they showed him in a memorandum the facts, that they had been told to go and see Allison, that when General Bertram came back he said "Foxy Allison," the fact that Colonel Carnegie said that nobody had got any.

Immediately afterwards they got their advance of 15 per cent, the same as the Allison crowd had got.

More than that, they got a contract to manufacture a million fuses; they only got that, and Canadians only got that after a telegram or cablegram was received from the War Office, which was only produced yesterday, telling these men that they wanted them to establish fuse plants in Canada. What has been the result? Fuse plants have been established in Canada—the only place we could not make fuses.

We have heard all this before, about not being able to get experts, and when they were asked why they turned down one company and gave contracts to a company

which had not a building and had not made a fuse they said it was because they had the experts.

This expert business is to my mind the greatest nonsense ever put before the people of Canada. In the last three or four months they have established a time fuse plant in Montreal, and are going to make fuses within three or four weeks. Colonel Carnegie may shake his head, but they will make fuses, and will load them too.

He may say that they have some very good men, that they have sent one man to the Woolwich Arsenal for six weeks and that he has become an expert, and that they had sent another man over to the Woolwich Arsenal and that he would become an expert also.

But when he was asked to get Mr. Burt into the Woolwich Arsenal he would not do it.

It is a wonderful change of attitude towards Canadian manufacturers, when they can train experts now in three months. When Colonel Carnegie was giving all this nonsense about not being able to get experts he must have known that he could have sent men from Canada and trained them in two or three months, or could have got men from England who had been in the business for years.

His explanation will not work. There is no use of him trying to cover it up. There is no use explaining something which cannot be explained; there is no use trying to get behind the fact that these gentlemen had determined that no fuses should be made in Canada. We have that in the letter given to the American Ammunition Company on the 25th of May. The whole story is there, and it is found on page 82 of these proceedings.

These men never intended that there should be a fuse manufactured in Canada. I do not know what the ulterior motives may be, if there are any at all. But I prove by their own documents that they never intended that there should be a fuse made in Canada.

They elbowed Russell out, they elbowed Mr. Sise out, they elbowed Mr. Nicholls out, they elbowed Mr. White out, they elbowed out everybody who came to them.

Now we have this letter which says in part:—

You will observe that we do not call for the establishment of a factory in Canada in connection with your contract, as we contemplate receiving further orders, on which we may have more time to initiate a factory in Canada. As you know, urgency is the most important feature of the present order, and it is on this account solely that we wish to concentrate all your efforts on the manufacture of fuses in the States.

In accordance with the telephone conversation General Bertram had with you to-day, we have amended the number allotted to you from three million to two and a half million, but would point out that we contemplate having further orders for the fuses, and these will be placed with either of the companies now proposing to manufacture fuses, and in accordance with their ability to produce fuses rapidly.

What better evidence do you want in the world, as to the intention of these people? All the fuses that were going to be manufactured under Sir Sam Hughes for the British Government were going to be manufactured by those two American concerns, concerns to whom the money was furnished for building their plants, concerns who were given contracts at prices which would yield them millions of dollars in profits, concerns which were built up and would be in a position to manufacture fuses, and as they came along they of necessity must get them.

It is the most concealed and the most serious blow I have ever seen directed at Canadian industry in my life time, delivered with malice aforethought, and with a knowledge of what the consequences would be.



Colonel Carnegie and General Hughes have told this country that they were anxious to establish the manufacture of fuses in Canada, but that on account of urgency they went to the United States with these two orders.

They have given contracts in Canada, and the Russell Motor Car Company have done far better than the American Ammunition Company, even on graze fuses, when we consider the time they were at it and the conditions, at a saving of a quarter or a half million dollars on the quantity of fuses being made.

There are three concerns in Canada manufacturing time fuses at \$2.72 each. Of course the loading can be done by the Commission at their factory in Montreal.

If you add \$1.50 on which Colonel Carnegie put as the price of fuses, you have less than \$4.25 for the completed fuse, as against \$4.50 given to the American people.

Argue it as you will, it is the most dastardly attempt to strike a blow at Canadian manufacturers that I have heard of in my life-time. These contracts given by the British Government in Canada as they say were to help us out when our industries were lagging and when the people needed all the money they could earn to carry on this great war.

I go back for a moment to the position taken by Mr. Hellmuth this morning, and then I am done.

I stand responsible for the statements made by Mr. Kyte in Parliament, and I contend that they have been proved to the very letter.

I accept the interpretation of that speech as given by Sir Robert Borden, as being the reasonable, proper and logical interpretation, and the only reasonable and logical interpretation which can be placed upon it.

I do object to my learned friend, Mr. Hellmuth, putting in Mr. Kyte's mouth something which he never said, then asking this Commission to make a negative finding and say that something which Mr. Kyte never repeated has not been proven, in order to go around and say that these charges have not been proven. I object to that. I ask the Commission, and I think as I read the Order in Council you are not only justified but requested to make a finding on any matter which may have come before you.

In that connection I do ask the Commission to make a finding upon the conduct of General Hughes; I ask the Commission to make a finding upon the conduct of Colonel Carnegie, and I ask the Commission to make a finding upon the conduct of the Shell Committee as a whole, and I ask the Commission to make a finding upon the statements made by Mr. Kyte.

I think I ought to ask that, and that the Commission ought to find it.

I again state that if the Commission will take the reasonable interpretation put upon Mr. Kyte's speech by Sir Robert Borden, and which is the natural interpretation, the Commission cannot but come to the conclusion that every word Mr. Kyte stated has been proved.

If you call them charges, the charges are proven; if you call them statements, the statements are proven, and I urge that Mr. Kyte, in exercising his rights as a member of the Canadian Parliament not only was justified in making the statements which he did make, but was performing a duty to the people of Canada which the people of Canada will not forget, and for which the people of Canada will rise up, not in later generations but in this generation, and will call his name blessed, for having performed a very great patriotic duty, although it may have been an exceedingly unpleasant one.

As for myself, I make no remarks at this stage of the proceedings. I took an active part in the discussion in the House of Commons, and am prepared to justify my conduct at any time I am called upon to do so.

I felt myself called upon to come here and stand by my colleague, and I have done so to the best of my ability. It may have been a matter of surprise to my learned friends of the Opposition that he was able to find out so much information. The people who were in the deal have been compelled to come and confess it. Bassick has not been

here. But he is divvying up with somebody. Lignanti also is not here; he also is divvying up with somebody.

We have no power to bring them here; we have no way of issuing a warrant to bring them here, and as they are not here I cannot comment upon their evidence further, because there is none to comment upon.

But I do comment severely upon the fact that they are not here and that we have not had the benefit of their evidence.

With that slight personal remark I leave the matter with the Commission, and I feel justified that under the evidence the Commission must make a finding that Mr. Kyte was justified in his statements, that his statements are proven to the hilt, and that the people of Canada, while they have not saved a million dollars, yet as a result of the attitude we took in Parliament, as a result of the airing we gave to these transactions, and very largely as a result of the speech which Mr. Kyte made, a new arrangement was made with these people by which 1,400,000 dollars was saved and the people of Canada to-day are manufacturing their own fuses and will continue to do so, and this country will be that much richer and the country that much the better because of the attitude Mr. Kyte took in Parliament.

Sir WILLIAM MEREDITH: Have you anything to say, Mr. Johnston?

Mr. JOHNSTON: I have been looking through the evidence, and am about half way through it.

Sir WILLIAM MEREDITH: You have heard what your colleague has said—if you call him such. I thought you would be ready when he concluded.

Mr. JOHNSTON: I did not get at what I should say until last night, after Mr. Hellmuth's statement with regard to my position. All I can say is that I am not ready at the moment. I have not any references ready. I have the work partly done. I will do it to-night, and will say what I have to say in the morning at any time.

Sir WILLIAM MEREDITH: I suppose these gentlemen will want an opportunity of answering you?

Hon. Mr. DUFF: I think they are entitled to that. I think Mr. Hellmuth, Mr. Carvell and yourself and any who have any observations to offer ought to speak at such a time as will enable Mr. Ewart and those who are appearing for the gentleman whose reputation is affected to comment upon what you have to say, either adversely or otherwise.

Mr. JOHNSTON: I understood the Chief Justice to say something about the end.

Sir WILLIAM MEREDITH: I did not say anything about the end. I do not mean to say that I did not say it, but I did not mean that.

Mr. JOHNSTON: I would like to have my notes put in some kind of shape, and I cannot do that until to-morrow morning very well. I spent two or two and a half hours last night on it. There is a tremendous volume of evidence to consider. My address will be very short, anyway.

Mr. HELLMUTH: Surely we have not to wait that long, have we?

Mr. JOHNSTON: I thought I would speak at the end, if necessary.

Sir WILLIAM MEREDITH: That is not reasonable at all. How long will you occupy, when you have prepared yourself?

Mr. JOHNSTON: I should think about forty minutes, at the outside.

Sir WILLIAM MEREDITH: It seems a great pity to lose an hour and twenty minutes now.

Mr. JOHNSTON: I did not know what ground Mr. Carvell would cover. I am not going to repeat, or cover the same ground. I will eliminate all that matter.

Sir WILLIAM MEREDITH: Will that leave you much ground to cover?

Mr. CARVELL: Why should Mr. Johnston not follow Mr. Ewart.

Hon. Mr. DUFF: No. Mr. Ewart is entitled to know the whole thing, subject to any reply that is to be made.

Mr. JOHNSTON: I am sorry, but this is the supposition of it.

Sir WILLIAM MEREDITH: We will have to impose a penalty upon you, Mr. Johnston.

Mr. JOHNSTON: Yes, I suppose so.

Sir WILLIAM MEREDITH: That is, that you finish within forty minutes.

Mr. JOHNSTON: I think I can do so. I have kept my promises so far. I will make it even shorter than that, if I can. Mr. Hellmuth thought he would take about half an hour this morning, but he was much longer.

I had an idea (I may have been wrong about it) that perhaps Mr. Hellmuth and myself might have the opportunity of replying at the end, without introducing anything specially new. But apparently not.

Mr. HELLMUTH: Certainly I do not want to do anything in the way of summing up, only to reply to the Commission on some things Mr. Carvell has said.

Hon. Mr. DUFF: Some sort of reply may be given. The question of reply may have to be considered.

Sir WILLIAM MEREDITH: Then we had better adjourn until ten o'clock to-morrow morning.

((The Commission adjourned at 4.15 p.m. until 10 a.m. Thursday.)



# ROYAL COMMISSION.

**TWENTY-EIGHTH DAY.**

**MORNING SESSION.**

OTTAWA, Thursday, June 8, 1916, 10.20 a.m.

Sir WILLIAM MEREDITH: Mr. Johnston, this is not a deliberate attempt to cut down your time, I must apologize.

Mr. JOHNSTON: Not at all.

Mr. HELLMUTH: Before Mr. Johnston begins, I have here now under Notary Public's certificate the copy of the Ohmer contract with the extensions, which I put in. It was agreed that it should go in.

Mr. JOHNSTON: Oh, yes.

(Exhibit No. 351.)

United States of America,  
State of New York,  
County of New York, ss.

I, MAURICE ASHBY NEWFIELD, a notary public for the State of New York, County of New York, U.S.A., residing in the Borough of Manhattan, New York County, U.S.A., do hereby certify that the paper writings hereto annexed are true copies of documents produced and shown to me from the custody of agency of Canadian Car and Foundry Company, Limited, a company organized and existing under the laws of the State of New York, and having its principal office at 120 Broadway, New York City, and purporting to be:—

(a) An agreement dated March 1, 1915, between Canadian Car and Foundry Company, Limited, and the Recording and Computing Machines Company;

(b) An agreement dated September 1, 1915, between Canadian Car and Foundry Company, Limited, the Recording and Computing and Machines Company and Wilfred I. Ohmer;

(c) A letter dated September 29, 1915 from Canadian Car and Foundry Company, Limited to the Recording and Computing Machines Company;

(d) A letter dated October 22, 1915, addressed to Nelson Robinson at New York City, signed by C. H. Cahan, Wilfred I. Ohmer, H. A. Toulmin, and Thomas Penney;

(e) An agreement dated March 13, 1916, between Canadian Car and Foundry Company, Limited, the Recording and Computing Machines Company and Agency of Canadian Car and Foundry Company, Limited;

## SHELL CONTRACTS COMMISSION

(f) An agreement dated March 18, 1916, between the Recording and Computing Machines Company, Wilfred I. Ohmer, the City Trust and Savings Bank of Dayton, Ohio, and Agency of Canadian Car and Foundry Company, Limited;

The said copies having been compared by me with the said original documents; an act whereof being requested I have granted under my notarial form and seal of office, to serve and avail as occasion shall or may require.

Dated at the City of New York, U.S.A., this 6th day of June, 1916.

MAURICE ASHBY NEWFIELD,  
Notary Public, New York County, No. 75,  
New York Register No. 7063.

Form 1.  
No. 15155, Series B.

State of New York,  
County of New York, ss.

I, WILLIAM F. SCHNEIDER, clerk of the County of New York, and also clerk of the Supreme Court for the said County, the same being a Court of Record, do hereby certify that Maurice Ashby Newfield, whose name is subscribed to the deposition or certificate of the proof or acknowledgement of the annexed instrument, and thereon written, was, at the time of taking such deposition, or proof and acknowledgment, a notary public in and for such county, duly commissioned and sworn, and authorized by the laws of said state, to take depositions and to administer oaths to be used in any court of said State and for general purposes; and also to take acknowledgments and proofs of deeds, of conveyances for land, tenements or hereditaments in said State of New York. And further, that I am well acquainted with the handwriting of such notary public, and verily believe that the signature to said deposition or certificate of proof or acknowledgment is genuine.

In testimony whereof, I have hereunto set my hand and affixed the seal of the said court and county, the 6th day of June, 1916.

WILLIAM F. SCHNEIDER, *Clerk.*

*Contract for the Manufacture and Supply of Time Fuses.*

THIS AGREEMENT, dated the first day of March, A.D. 1915, made by and between Canadian Car and Foundry Company, Limited, having its head office and chief place of business in the city of Montreal, in the province of Quebec, Canada, hereinafter called the "Purchaser,"

PARTY OF THE FIRST PART.

and

The Recording and Computing Machines Company, having its head office and chief place of business in the city of Dayton, in the state of Ohio, United States of America, hereinafter called the "Manufacturer,"

PARTY OF THE SECOND PART:

WHEREAS the Purchaser, which is doing business in and throughout the Dominion of Canada, has undertaken to supply to the Russian Imperial Government a certain quantity of complete shrapnel shells for the three-inch quick-firing field guns of the Russian Imperial Government, and desires to purchase from manufacturers in the United States of America certain fuses for the said completed shell, which said fuses are to be made and supplied in accordance with the drawings and specifications of said completed shell, as furnished by the Russian Imperial Government, and in conformity with the instructions of inspectors provided or approved by said Government;

NOW THIS AGREEMENT WITNESSETH that in consideration of the agreements and covenants on the part of the Purchaser, hereinafter contained, and for the price or other considerations hereinafter mentioned, the Manufacturer covenants and agrees with the Purchaser as follows:

*Manufacturer's Covenants:*

1. That in this agreement the word "work" shall, except where by the context another meaning is clearly indicated, mean the whole of the material, labour and other things required to be supplied, done, finished and performed by the manufacturer under this agreement.

2. That the word "specification" shall include the drawings and specifications of the said time fuses which are hereto attached, and which shall be construed as forming part of this agreement; and that in case any doubt or difficulty should arise in construing or understanding the said specifications, such doubt or difficulty shall, so far as possible, be resolved by a further expert translation from the Russian into the language of the specifications of time fuses for a completed shrapnel shell for a three-inch quick-firing field gun of the standard Russian pattern and design, which are filled in the Embassy of the Russian Imperial Government at Washington, D.C., and by the written instructions of the inspectors.

3. That "inspectors" shall mean and include any inspector designated by or acting under the instructions of the Purchaser or of the Russian Imperial Government, or any department or official thereof, for the purpose of making any inspection or test of the work mentioned or referred to in this agreement, and for giving to the Manufacturer expert instructions in regard to the proper performance of the work.

4. That all work performed by the Manufacturer hereunder, and accepted by or on behalf of the Purchaser, shall be deemed to be the property of, and shall be delivered to the order of, the Purchaser.

5. That the Manufacturer will provide all the work, and manufacture and deliver to the order of the Purchaser, in proper packages, free on board cars at Dayton, in the state of Ohio, U.S.A., on a line of railway to be designated by the Purchaser, and in accordance with such additional shipping instructions as the Purchaser may, from time to time, furnish to the Manufacturer, two million (2,000,000) time fuses for shrapnel shells for three inch quick firing field guns of the standard Russian pattern and design, in accordance with the specifications, and in compliance with the written instructions of the inspectors.

6. That the Manufacturer will manufacture and deliver to the Purchaser any number of time fuses, from time to time required by the Purchaser, in excess of the said quality of two million (2,000,000) time fuses hereinbefore mentioned, not exceeding five hundred thousand (500,000) time fuses, upon the same terms and conditions herein mentioned and for the prices herein stipulated, upon the Purchaser, at any time or from time to time during the continuance of this agreement, giving to the Manufacturer written notice of the Purchaser's requirements. Provided that such further requirements of the Purchaser, together with the above mentioned two million (2,000,000) time fuses, are not in excess of the productive capacity of the Manufacturer's factories.

7. That the Manufacturer will commence delivery of the said time fuses to the Purchaser, and will actually deliver forty thousand (40,000) time fuses on the fifteenth day of June, 1915; forty thousand (40,000) time fuses on the twenty-second day of June, 1915; forty thousand (40,000) time fuses on the twenty-ninth day of June, 1915; forty thousand (40,000) time fuses on the sixth day of July, 1915; and ninety thousand (90,000) time fuses on the thirteenth day of July, 1915; and the same quality of ninety thousand (90,000) time fuses, in each and every week thereafter until the requirements of this Agreement are fulfilled.

8. That in case the Manufacturer shall make any failure or default in the delivery or shipment to the purchaser of the said quantity of ninety thousand (90,000) time fuses in each and every week as herein provided, it being understood that any surplus deliveries in any week shall be credited in respect of any deficiency in the next subsequent deliveries, the Manufacturer shall pay to the Purchaser, as ascertained and liquidated damages and not as a penalty, a sum equal to Ten Per Cent of the price

of the number of time fuses which shall not have been delivered in each and every week, and the Purchaser, by notice in writing to the Manufacturer, shall be entitled, from time to time, to reduce the total number of time fuses to be delivered by the Manufacturer hereunder, by the number of time fuses less than said quantity of ninety thousand (90,000) time fuses which the manufacturer shall fail to deliver or ship in each and every week during the continuance of this contract; Provided, however, that should the Manufacturer fail to deliver and ship at least three hundred thousand (300,000) time fuses in any period of four weeks, the Purchaser shall be at liberty, by notice in writing to the Manufacturer, to cancel and determine this agreement.

9. That the plant, machinery and equipment of the Manufacturer shall forthwith be placed in first-class and suitable conditions for the efficient, prompt and diligent performance of the work herein specified.

10. That the work will be constructed or manufactured of suitable materials of the several kinds and will be furnished in the best and most workmanlike manner and in compliance with the written instructions from time to time given by the inspectors, and in conformity with the specifications.

11. That the explosive materials required in the manufacture or production of the time fuses shall be prepared under the direction of the inspector or inspectors, and shall first be approved by them as proper and suitable for use in said time fuses; and that this explosive shall be placed in the fuses by the Manufacturer. The Manufacturer shall not be responsible for the functioning and ballistic qualities of the time fuses, which are made in accordance with the specifications and the instructions of the inspectors.

12. That the Manufacturer shall, before commencing any part of the work, notify the Purchaser, in writing, of the location of the factory or factories at which the work shall be carried on; and that the Manufacturer will afford the inspectors safe and adequate facilities for the inspection of the work at the said factory or factories, from time to time and at all times during the progress of the work and until the completion thereof. Any secret procession in the construction or manufacture of the work shall not be concealed from the inspectors; and the Manufacturer shall place at the disposal of the inspectors all gauges, instruments and appliances in the possession or under the control of the Manufacturer which may be reasonably required by them for examining, measuring or testing the work in accordance with the specifications and the written instructions from time to time given to them by the Russian Imperial Government, or by the Purchaser.

13. That the Manufacturer will also make all the factory tests required by the specifications and will notify the inspectors of the time and date at which such tests shall be made, so that the inspectors may be present at such tests; and the Manufacturer shall not deliver or ship any of the time fuses until the same are inspected and approved by the inspectors, unless instructed in writing by the Purchaser to do so.

14. That in case any part or parts of the material entering into the work herein specified shall have been received by the Manufacturer from the Purchaser, then, in case that during the progress of the work in the factory of the manufacturer any material so supplied by the Purchaser shall be injured or destroyed, the Manufacturer shall repay to the Purchaser the actual cost of all material so injured or destroyed including the cost of handling, freight and insurance.

15. That if, upon any tests being made by the inspectors, any part of the work shall be found to be not in accordance with the specifications and written instructions of the inspectors, then the Manufacturer, upon receiving notice from an inspector or from the Purchaser, will forthwith make good, change, alter or replace such parts of the work as do not comply with the specifications.

#### *Acceptance of Work:*

16. When the work shall be completed in accordance with the specifications to the satisfaction of the inspectors, the inspectors will accept the same for and on behalf

of the Purchaser; but it is distinctly understood and agreed that the property in the work shall not pass from the Manufacturer to the Purchaser until after the same shall have been tested and accepted by the inspectors for and on behalf of the Purchaser, notwithstanding that any part or the whole of the purchase price of the work shall already have been paid to the Manufacturer.

*Purchase of Materials:*

17. That the Manufacturer shall procure all materials entering into the construction of the work as cheaply and on as favourable terms as reasonably may be secured, regard being had to the quality and quantities thereof required for the satisfactory completion of this contract; and the Manufacturer shall pay usual and reasonable salaries and wages for all labour employed as hereinafter provided. Subject to any contracts for materials previously made by the Manufacturer, the Purchaser shall, if he so elects, have the right to furnish any or all materials required for the construction of the said time fuses, and the cost of all materials so furnished by the Purchaser shall be paid for by the Manufacturer to the Purchaser in the same manner as the Manufacturer would pay therefor if the same were bought direct from other parties; and any amount so paid by the Manufacturer shall be included in the cost of materials as hereinafter provided.

*Ascertainment of prices:*

18. The price to be paid by the purchaser for time fuses, under this agreement, shall be the manufacturing cost thereof, which shall be ascertained provisionally with respect to lots of two hundred and fifty thousand (250,000) time fuses, as hereinafter provided; and also to the manufacturing cost there shall be added a certain percentage upon such manufacturing cost, hereinafter called "the percentage of the manufacturer's profit," which shall also be ascertained as hereinafter provided.

*Manufacturing cost:*

19. The manufacturing cost shall include and cover the cost of all materials and labour, and shall be ascertained as follows:—

(1) The cost of materials shall be ascertained as follows:

(a) All materials, including the necessary materials for manufacturing tools used on power machines, and the cost of all special power appliances, tools, gauges and testing appliances, entering into the construction and for the manufacture of the time fuses shall be charged at actual invoice prices f.o.b. cars at the city of Dayton, Ohio. All such invoice prices shall be subject to the verification of the purchaser as to quantities, weights and prices; and the invoice price of all quantities and weights of materials shall be charged to the manufacturing cost without deduction or allowance for scrap.

(b) To the invoice prices of said quantities and weights there shall be added five per cent (5 per cent) to cover cartage, handling, and all other costs incidental to the actual handling and assembling of said materials before they are submitted to any operation or process of manufacturing.

(2) The cost of labour shall be ascertained as follows:—

(a) It shall include all moneys expended for labour of every kind employed in the actual manufacture or production of the various component parts of the time fuses, and in assembling such parts into completed time fuses, and in the making and setting of the tools which are used on the power machines producing the component parts of the time fuses, and also in making necessary gauges and testing appliances; and also

(b) A percentage of the overhead costs of the manufacturer, to be ascertained as hereinafter provided, which shall be deemed to include and cover all other expenses of any kind or nature whatsoever incidental to the manufacture or production of the said time fuses, which may not be hereinbefore specifically enumerated; and the said percentage to cover overhead costs shall be ascertained by an examination and audit of the books and accounts of the manufacturer showing his actual cash disbursements,



and such percentage shall be computed provisionally from time to time upon the completion of each lot of two hundred and fifty thousand (250,000) time fuses, as hereinafter provided.

(c) The overhead costs mentioned in this paragraph shall include the cost of fire and liability insurance, light, heat, power; superintendence, inspection, travelling expenses, rentals of property specially leased for the performance of this agreement, time-keeping, accounting and other clerical work; but overhead costs shall not include real estate, buildings, fixed installations, machinery and appliances (other than special power appliances, tools, gauges and testing appliances), which may now or hereafter be installed in the factories of the manufacturer, nor the cost of acquiring, making, maintaining and repairing or testing the same, nor taxes, depreciation, interest charges, nor the sales expenses of the manufacturer.

(d) The percentage of overhead costs which shall be charged to and borne by the Purchaser shall be the proportion of such overhead costs, which, the cost of the productive labour of the Manufacturer which is employed upon the work delivered under this agreement, shall bear to the total cost of the productive labour of the factory of the Manufacturer; and it is understood and agreed that the Manufacturer shall itemize these several costs under the proper headings in its classification of accounts; and that, if at any time the amounts expended by the Manufacturer for overhead costs are, in the opinion of the Purchaser, improper or excessive, such question or dispute shall be submitted to the final decision of Price, Waterhouse & Company, as hereinafter provided.

(3) *But the costs of Materials and Labour shall not include.*

(a) Any other item of expense incidental to the manufacture or production of the Time Fuses, not hereinbefore specifically mentioned and included in such costs.

(b) And, without limiting the scope of the next preceding clause, it is clearly understood and agreed that neither the costs of materials nor labour shall include the salaries of the superintendents, foremen, experts, or other persons exclusively employed by the Manufacturer on work other than the time fuses.

**Manufacturer's profit:**

20.—It is agreed that the percentage of the Manufacturer's profit shall be ascertained as follows:—

(a) In case that the manufacturing costs for each time fuse shall be \$2.25, or more, the Manufacturer's profit shall be Twenty-five (25) per cent of the manufacturing costs; or

(b) In case that the manufacturing cost for each time fuse shall be \$2.00, or in excess of \$2.00, but not exceeding \$2.25, the Manufacturer's profit shall be Thirty (30) per cent of the manufacturing cost; or

(c) In case that the manufacturing cost for each time fuse shall be \$1.75, or in excess of \$1.75, but not exceeding \$2.00, the Manufacturer's profit shall be Thirty-five (35) per cent of the manufacturing cost; or

(d) In case that the manufacturing cost for each time fuse shall be in excess of \$1.50, but not exceeding \$1.75, the Manufacturer's profit shall be Forty-five (45) per cent of the manufacturing cost; or

(e) In case that the manufacturing cost for each time fuse shall be \$1.50 or less, the Manufacturer's profit shall be Fifty-five (55) per cent of the manufacturing cost; provided, however, that in respect of any reduction in the manufacturing cost below \$1.50 for each time fuse, one-half the saving so made shall go to the Manufacturer and one-half to the Purchaser.

21.—(1) The average price which shall be paid by the Purchaser for the time fuse shall be ascertained by adding to the average manufacturing cost of the time fuses the corresponding percentage of the manufacturing cost as the Manufacturer's profit.

(2) Such average price shall from time to time be ascertained provisionally upon the inspection and acceptance of each consecutive lot of Two hundred and fifty thousand

and (250,000) completed time fuses; and such average price shall be ascertained finally upon the completion of this Agreement.

*Extra charges:*

22.—The actual cost of packing cases, unless the same are furnished by the Purchaser, and actual payments made by the Manufacturer for labour employed in the packing and shipping of the time fuses shall be charged separately against the Purchaser, and the same shall be paid for by the Purchaser each week as shipments of time fuses are made by the Manufacturer.

*No extra profits to Manufacturer:*

23.—It is understood and agreed that the Manufacturer shall not be entitled to make or receive any other profits than those hereinbefore enumerated, either by way of rebates or commissions upon purchases of material, payments for labour, rebates upon freight rates, or otherwise howsoever.

*Payments:*

24. Payments shall be made by the purchaser to the manufacturer as follows:—

(1) The purchaser, in respect of the first lot of two hundred and fifty thousand (250,000) time fuses which are accepted, shall provisionally make payment to the manufacturer at the rate of three dollars (\$3) for each time fuse.

(2) As the average price of each lot of two hundred and fifty thousand (250,000) time fuses is ascertained, as hereinbefore provided, such average price shall be the price to be provisionally paid by the purchaser to the manufacturer in respect of each lot of two hundred and fifty thousand (250,000) time fuses which may next thereafter be accepted.

(3) Upon the acceptance of each lot of two hundred and fifty thousand (250,000) time fuses, the average price of such lot shall be ascertained provisionally as hereinbefore provided, and a balance shall be struck as between the average price payable and the price provisionally paid by the purchaser; and any excess so found to have been paid by the purchaser shall be credited by the manufacturer upon the next lot of two hundred and fifty thousand (250,000) time fuses; and for any deficit so found to be payable by the purchaser to the manufacturer, the manufacturer shall be entitled to draw a bill of exchange, payable at sight by the purchaser at the agency of the Bank of Montreal, in the city of New York, U.S.A., with the auditor's certificate attached showing the amount of such excess; and

(4) Upon the completion of this agreement, the actual average price of all the time fuses, which have been accepted, shall be finally ascertained by adding to the total manufacturing cost of all the time fuses the corresponding percentage of the total manufacturing cost as the total manufacturer's profit, and there shall be deducted from the aggregate so obtained the amount of the payments made by the purchaser and the other credits, if any, to which the purchaser is entitled hereunder, and such computation shall constitute the basis of a final adjustment, settlement and satisfaction to be made between the manufacturer and the purchaser.

25. (1) The purchaser from time to time, at the written request of the manufacturer, shall procure advances to be made to the manufacturer, on account of the aggregate price of all the time fuses to be manufactured and delivered hereunder, up to the amount of seven hundred and fifty thousand dollars (\$750,000), and such advances shall be deemed to be advance payments of thirty-seven and one-half (37½ cents) on the price of each of the two million of time fuses to be delivered hereunder; and upon each invoice for time fuses rendered by the manufacturer to the purchaser, as herein provided, there shall be deducted the said sum of thirty-seven and one-half cents (37½ cents) for each time fuse covered by any such invoice.

(2) The manufacturer, upon making a request for any such advance, shall furnish to the purchaser, or to its nominee, a satisfactory bank guarantee or bond for its due performance of this agreement, or, in the alternative, securing the return to the purchaser, or to its order, of any portion of the said advance of seven hundred and fifty thousand dollars (\$750,000), which the purchaser may be entitled to have

returned to it by reason of the failure of the manufacturer to manufacture and deliver the time fuses to the order of the purchaser as herein provided.

26. The manufacturer, on Monday of each week, during the continuance of this agreement, shall be entitled to draw a bill of exchange, payable by the purchaser at sight, at the agency of the Bank of Montreal, in the city of New York, U.S.A., for the remainder of the aggregate price of the time fuses then completed and accepted for which payment is then to be made by the purchaser, and to such bill of exchange the manufacturer shall attach a duplicate invoice showing the number and provisional price of the time fuses shipped, a duplicate of the inspector's certificate accepting the same, and a duplicate of the bill of lading showing that the time fuses have been shipped; and the purchaser shall make due provision for the payment of such bills of exchange, with vouchers, inspector's certificates and bills of lading attached, on the presentation of the same at the said agency of the Bank of Montreal.

*Manufacturer's Additional Covenants:*

27. The Manufacturer also agrees with the Purchaser as follows:—

(1) That all books, accounts, vouchers and other requisite documents and papers of the Manufacturer shall be open for inspection and examination during business hours at convenient times and from time to time, as requested by the properly authorized representatives of the Purchaser; but any information derived from such examination or audit of the accounts shall be considered strictly confidential and used only for the purposes of this Agreement.

(2) That time is the essence of this Agreement, and that the Manufacturer will begin the prosecution of this work forthwith, and will continue to prosecute and advance the same promptly and diligently to its completion within the times herein stipulated.

(3) That the Manufacturer shall not, except with the consent in writing of the Purchaser, make any assignment of this Agreement.

28. Both parties hereto agree as follows:—

(1) That in case any difficulty or dispute shall arise between the parties respecting any matter relating to ascertaining and computing any of the costs hereinbefore mentioned or referred to, the same shall from time to time be submitted to the sole decision and determination of the firm of Price Waterhouse and Company, Chartered Accountants, and each of the parties hereto hereby agree with the other to accept such decision and determination as final and conclusive.

(2) That in case it should be found in practice that any right or interest of either party has not been fully provided for or protected by this contract, in accordance with its object and intent, then it is agreed that both parties shall negotiate with candour and fairness a new or supplementary clause to obviate any injustice to either party so arising.

29. It is further understood and agreed between the parties hereto that all materials not used, and all tools and appliances which have been charged against the manufacturing cost of the Time Fuses, and all scrap of any kind or description whatsoever, resulting from the manufacture of the Time Fuses, shall be the property of the Purchaser, and shall only be sold or disposed of as the Purchaser may direct or approve. All proceeds which may be received by the Manufacturer on the sale or other disposition of such materials, tools, appliances and scrap shall be credited to the account of, or paid over to, the Purchaser as and when any such scrap is sold or disposed of.

30. The Manufacturer shall not be responsible for delays in delivery of the Time Fuses which may be caused by strikes, floods, fire, war, riot, or other civil commotion, delay on the part of the Purchaser in supplying any materials which it may undertake to supply, or any delay on the part of the inspectors in inspecting and testing the Time Fuses.

31. In case of war arising between the United States of America on the one hand, and either Great Britain or Russia on the other, or in case the Government of the

United States of America, or of the State of Ohio, shall either prohibit the manufacture of Time Fuses within the said State of Ohio, or the exportation of Time Fuses, or of any of the component parts of a Time Fuse, from the said State or from the United States of America, to either Great Britain and its Colonies, including Canada, or to Russia, then, in either of such cases, the Purchaser shall be at liberty, by notice in writing to the Manufacturer, to terminate this Agreement; and in case the Purchaser shall give to the Manufacturer such notice in writing of the termination of this Agreement, the Purchaser shall thereupon pay to the Manufacturer the purchase price of all Time Fuses then inspected, accepted and delivered, and also all costs and liabilities, exclusive of the percentage of the Manufacturer's profit, which have been incurred by the Manufacturer for materials and labour hereunder in respect of the Time Fuses then remaining to be inspected, accepted and delivered; and such completed Time Fuses, uncompleted Time Fuses, and material so paid for by the Purchaser, shall then become and be the property of the Purchaser.

IN WITNESS WHEREOF the Purchaser has caused this Agreement to be executed in duplicate at its Head office in the City of Montreal, Canada, by its duly authorized officers the 15th day of March, 1915; and the Manufacturer has caused this Agreement to be executed in the City of Dayton, in the State of Ohio, U.S.A., by its duly authorized officers the 22nd day of March, 1915.

CANADIAN CAR AND FOUNDRY COMPANY, LIMITED,

By N. CURRY, *President*.

The RECORDING AND COMPUTING MACHINE CO.,

By WILL I. OHMER, *President*.

*Witness: C. H. CAHAN.*

MEMORANDUM OF AGREEMENT, made this first (1st) day of September, A.D., 1915, by and between Canadian Car and Foundry Company, Limited, a body corporate, incorporated under the laws of the Dominion of Canada, and having its head office and chief place of business in the City of Montreal, Canada, hereinafter called "The Canadian Company."

PARTY OF THE FIRST PART;

—and—

The Recording and Computing Machines Company, a body corporate, incorporated under the laws of the State of Ohio, and having its head office and chief place of business in the City of Dayton, in said State of Ohio, U.S.A., hereinafter called "the Manufacturer,"

PARTY OF THE SECOND PART;

—and—

WILFRED I. OHMER, of the City of Dayton, in the said State of Ohio, United States of America,

PARTY OF THE THIRD PART;

WHEREAS the Canadian Company and the Manufacturer entered into a manufacturing agreement, dated the first day of March, A.D. 1915, under which the Manufacturer agreed to manufacture and said Canadian Company to purchase certain articles known as Time Fuses for Shrapnel Shells, and among the provisions of which agreement is one providing for advance payments by the Canadian Company to the Manufacturer on account of the price of said Time Fuses, to the amount of Seven hundred and fifty thousand dollars (\$750,000), which sum the Canadian Company has heretofore advanced to the Manufacturer.

AND WHEREAS the Canadian Company, at the request of the Manufacturer, has also advanced the additional amount of one hundred and fifty thousand dollars (\$150,000), making a total of Nine hundred thousand dollars (\$900,000);

AND WHEREAS the Canadian Company has agreed to make additional advances to the Manufacturer to ensure uninterrupted performance of said manufacturing agreement, repayment of which said additional advances is to be secured by and under the provisions of said manufacturing agreement and of this agreement;

AND WHEREAS said manufacturing agreement, dated the first day of March, A.D. 1915, further provides that acceptable security shall be given to the Canadian Company by the Manufacturer for the due performance of said manufacturing agreement, as provided in paragraph 25 thereof;

AND WHEREAS the total number of shares of the capital stock of the manufacturer, by the terms of its Charter of Incorporation, is limited to Two thousand (2,000) shares of the par value of One hundred dollars (\$100) each, of which One thousand and twenty (1,020) shares are owned by Nelson Robinson, of which One thousand and twenty (1,020) shares, One thousand and fifteen (1,015) are held by Homans & Co., Bankers of New York City, New York, U.S.A., in trust for said Robinson, and One (1) share is held by said Robinson personally in his own name, and One (1) share each is held by O. M. Gottschall, P. J. Mitton, Geo. DuCasse and Thomas Penney, under agreement to be assigned to said Robinson, on or before the signing of this agreement; and in addition thereto One hundred (100) shares are held by D. B. Whistler; One (1) share is held by H. A. Toulmin; Eight hundred and seventy-nine (879) shares are held by Wilfred I. Ohmer, of which One (1) share is to be assigned by said Wilfred I. Ohmer to said O. M. Gottschall on or before the signing of this agreement, leaving Eight hundred and seventy-eight (878) shares which are held by said Ohmer.

AND WHEREAS the said Robinson, with the concurrence of said Homans & Company, as stipulated in a written option or agreement of March 16, 1915, has agreed to deliver up and transfer to said Ohmer, said One thousand and twenty (1,020) shares of the Capital stock of said Manufacturer, upon the payment to said Robinson of the sum of One hundred and twenty-five thousand dollars (\$125,000); and the Canadian Company has agreed to purchase said shares for account of said Ohmer as hereinafter provided;

AND WHEREAS said Homans & Company also hold in trust for said Robinson two certain Promissory Notes, made by said Manufacturer, dated and made as follows:—

(a) A Demand Note, dated January 1, 1914, payable to the order of Homans & Company, for six hundred thousand dollars (\$600,000), with interest at 5 per cent per annum, payable quarterly.

(b) A Demand Note, dated January 1, 1914, payable to the order of the Near-Side Car Company, for Seventy-three thousand Two dollars and Fifty cents (\$73,002.50) with interest at 5 per cent per annum, payable quarterly, which is endorsed by said Near-Side Car Company to said Homans & Company;

AND WHEREAS the interest on said Note of Six hundred thousand dollars (\$600,000) has been paid up to July 1, 1914; and there is now due upon said Note, including interest, from and including July 1, 1914, to this date, the amount of

AND WHEREAS the interest on said Note of Seventy-three thousand Two dollars and Fifty cents (\$73,002.50) has been paid up to July 1, 1914, and there is now due upon said Note, including interest, from and including July 1, 1914, to this date, the amount of

AND WHEREAS said Nelson Robinson has stipulated and agreed in said option or agreement of March 16th, 1915, above referred to, to accept the sum of Three hundred and seventy-three thousand Two dollars and Fifty cents (\$373,002.50), with interest to the date of payment, as full and complete payment and discharge of both of said two Notes, in which option or agreement Homans and Company concurred; it being further represented by the Manufacturer, and by the action of said Robinson in agreeing as above to waive payment of Three hundred thousand dollars (\$300,000) of said Note of Six hundred thousand dollars (\$600,000), that the balance of Three

hundred thousand dollars (\$300,000) of said Note of six hundred thousand dollars (\$600,000) is, in fact the property of said Ohmer, representing cash and other contributions made by him to the Manufacturer; but all claim to which, as hereinafter stipulated, said Ohmer waives and renounces, so as to make absolutely effective the discharge of said Note upon payment being made to said Robinson, as above;

NOW THEREFORE, in consideration of One dollar (\$1) and other good and valuable consideration moving from each of the parties hereto to the other, and for the purpose of providing security acceptable to the Canadian Company for the advance payments heretofore made and hereafter to be made by the Canadian Company, the parties hereto have agreed as follows:—

1. That the Canadian Company will, upon the signing of this agreement, advance for account of the Manufacturer a sum sufficient to pay to said Robinson the sum of Three hundred and seventy-three thousand Two dollars and Fifty cents. (\$373,002.50), and the interest accrued thereon commencing July 1st, 1914, and extending to the date of payment, in consideration for the full and complete discharge, cancellation and return to the Manufacturer of both the two said Notes of Six hundred thousand dollars (\$600,000) and Seventy-three thousand Two dollars and Fifty cents (\$73,002.50) respectively.

2. That the Canadian Company will also, from time to time, advance such other sums as shall reasonably be required by the Manufacturer for carrying on and executing said manufacturing agreement, dated the first day of March, 1915, pending the making of sufficient deliveries of said Time Fuses by the Manufacturer, to provide the payments for such requirements, in accordance with the terms of said manufacturing agreement, dated the first day of March, 1915.

3. That the Canadian Company shall be entitled, from time to time, to receive from the Manufacturer its promissory notes made payable to the order of the Canadian Company to the amount of the advances, for account of the Manufacturer, so made, under the next two preceding paragraphs of this agreement, and then outstanding and unpaid, in excess of the first mentioned sum of Seven hundred and fifty thousand dollars (\$750,000), and that such notes of the Manufacturer shall bear interest at the current bank rate, and be made in such form and terms, other than notes payable on demand, as the Canadian Company shall reasonably request; it being understood and agreed that such notes, or any of them, shall at the option of the Manufacturer, be renewed from time to time by the Canadian Company, during the continuance of the said manufacturing agreement, dated the first day of March, 1915; and this provision, for the renewal of any such note at the option of the Manufacturer, shall apply whether or not the Canadian Company is the holder of such note at the date of its maturity.

4. That the Canadian Company, upon the signing of this agreement, will advance the additional sum of one hundred and twenty-five thousand dollars (\$125,000) to enable said Ohmer to pay to said Robinson for the transfer and delivery to said Ohmer of said One thousand and twenty (1,020) shares of the capital stock of the Manufacturer; and that such advance shall be secured upon all the shares of said Ohmer as in the next succeeding paragraph mentioned, and shall bear interest at the current bank rates. The said Ohmer shall not be personally liable for the repayment of such advance and interest thereon to the Canadian Company; but the said shares shall be held by a Trustee, as hereinafter provided, during the continuance of said agreement, dated the first day of March, 1915, as security for the repayment of said advances and interest thereon to the Canadian Company; and the said Ohmer shall be entitled, upon the completion of said manufacturing agreement, to redeem and receive a re-transfer and delivery of said shares, upon the stipulations and conditions in the next succeeding paragraph of this agreement expressed; and otherwise, in case the said stipulations and conditions are not performed, the Canadian Company shall thereupon be entitled to receive a transfer and delivery of said shares.

5. That forthwith upon the delivery by said Robinson and said Homans and Company of the certificates of the capital stock of the Manufacturer, representing said One thousand and twenty (1,020) shares, the said Ohmer hereby agrees to transfer and make delivery of the certificates for said One thousand and twenty (1,020) shares, and also to make delivery of certificates for said Eight hundred and seventy-eight (878) shares of the stock of the Manufacturer, now held by said Ohmer, to Empire Trust Company of 120 Broadway, New York City, U.S.A., as Trustee, to be held by said Trustee, during the continuance of said agreement, dated the first day of March, 1915, as security to the Canadian Company for the performance of the stipulations and conditions hereafter in this paragraph expressed, and, after the full performance of said recited stipulations and conditions, in trust for said Ohmer, and, in case of the non-performance of said recited stipulations and conditions, then in trust for the Canadian Company; and the said Ohmer hereby agrees to pledge and hypothecate all of said shares of stock to said Trustee as security for the fulfilment of the following stipulations and conditions, in the order of priority mentioned:—

FIRST: For the repayment by the Manufacturer to the Canadian Company of the principal and interest of the foregoing advances or of the promissory notes representing the advances, which are to be made by the Canadian Company, for account of the Manufacturer, in order to pay off the principal sum and interest payable by the Manufacturer to said Robinson; and

SECONDLY: For the repayment to the Canadian Company of the principal and interest of all the advances or of the promissory notes representing the advances, which are made or to be made by it to the Manufacturer, in respect of said agreement dated the first day of March 1915, in so far as said advances are not applied in payment of Time Fuses completed and delivered by the Manufacturer under said agreement; and

THIRDLY: For the faithful performance by the Manufacturer of the agreement dated the first day of March, 1915, made between it and the Canadian Company; and

FOURTHLY: For the repayment to the Canadian Company of the said sum of One hundred and twenty-five thousand dollars (\$125,000) which is to be advanced by the Canadian Company to enable said Ohmer to pay said sum to said Robinson for said Robinson's shares under the provisions of the fourth paragraph of this agreement, together with the interest accrued thereon.

6. The said Ohmer shall forthwith procure the election to the Board of Directors of the Manufacturer of three persons nominated by the Canadian Company, and such persons so nominated shall be qualified to act as Directors by the transfer to each of them of one share of the capital stock of the Manufacturer. In case any person so nominated by the Canadian Company resigns, dies or becomes incapacitated, the Canadian Company shall nominate a substitute, who shall be elected as Director in the place of the Director so resigning, dying or becoming incapacitated. In case any other existing member of the Board resigns, dies or becomes incapacitated, before the next General Meeting of the Company, the remaining members of the Board of Directors shall nominate in writing a person who shall be elected as Director in place of the Director so resigning, dying or becoming incapacitated. Subject to the foregoing provisions of this paragraph, and during the continuance of the said manufacturing agreement between the Canadian Company and the Manufacturer, dated the first day of March, 1915, and until said shares so pledged and hypothecated shall have been retransferred by the said Trustees to said Ohmer, or to the Canadian Company, pursuant to the provisions herein contained, the voting power of said shares so pledged and hypothecated shall be exercised as follows in the election of the Board of Directors of the Manufacturer of whom three shall be nominated by the Canadian Company and three by said Ohmer and the seventh by mutual agreement of the Canadian Company and said Ohmer:—

- (a) All of said 1,015 shares shall be voted by the Canadian Company;
- (b) All of said 878 shares shall be voted by said Ohmer;
- (c) The remaining shares, amounting to 107, shall be voted at the discretion of the parties holding the same.

7. The said shares so pledged and hypothecated by said Ohmer to said Trustee shall forthwith be transferred by the Trustee to the said Ohmer:—

(a) Upon the performance and completion by the Manufacturer of said Time Fuse manufacturing agreement by the delivery of the required number of Fuses; and

(b) Upon the said advance payments and interest thereon, or the promissory notes representing such advances, and interest thereon, being discharged by the Manufacturer under the provisions of paragraph 25 of said manufacturing agreement of March first 1915; and

(c) Upon the repayment by the Manufacturer to the Canadian Company of the amount of said advances and interest thereon, or any balance of said advances and interest thereon, or the promissory notes representing such advances, and interest thereon, or the balance thereof, which have not been applied in the manner provided in paragraph 25 of the said manufacturing agreement of March first, 1915; and

(d) Upon payment by said Ohmer to the Canadian Company of said sum of one hundred and twenty-five thousand dollars (\$125,000) and interest accrued thereon.

8. That said Ohmer hereby waives and renounces any and all claim to the whole or any part of the said six hundred thousand dollars (\$600,000) Note, from and after the payment of three hundred thousand dollars (\$300,000) therefor to said Robinson.

9. That the said Ohmer hereby covenants and agrees to and with the Manufacturer and also to and with the Canadian Company that, until such time as the Manufacturer has well and truly performed all the terms and conditions of the manufacturing agreement between the Canadian Company and the Manufacturer, dated the first day of March, 1915, by the Manufacturer to be performed, he, the said Ohmer, will faithfully, honestly and diligently devote his time, labour, skill and attention to superintend the management and to promote the best interests of the Manufacturer, in cordial co-operation with the Board of Directors of the Manufacturer.

10. In case there shall be a reorganization or reconstruction of the Manufacturer, involving the issue of additional shares or other securities of the Manufacturer, the Trustee shall be entitled, at the request of said Ohmer, to transfer to and deliver up to the order of said Ohmer, the shares of the capital stock of the Manufacturer then held by the Trustee, upon receiving, in substitution for such shares, the same proportional part of the shares and securities of the Company then issued and to be issued, which corresponds to the proportional part of the capital stock of the Company then previously held by the Trustee hereunder; and the shares or securities so received in substitution by the Trustee shall thereafter be held by the Trustee under the trusts hereinbefore expressed.

11. That, notwithstanding the provisions hereinbefore contained, the said Ohmer shall be at liberty, at any time during the continuance of the said manufacturing agreement, dated the first day of March, 1915, to repay, or to procure repayment, to the Canadian Company, together with all interest then accrued thereon, all of the advances made under the first, second and fourth paragraphs of this agreement, which have not then, at that date, been paid or applied in the payment for Time Fuses delivered under the said manufacturing agreement, or the promissory notes, and interest thereon, then outstanding, representing such advances; and upon such repayments being made, and upon the Manufacturer furnishing to the Canadian Company a satisfactory bond, guarantee or other security for the faithful performance of the uncompleted portion, if any, of the manufacturing agreement, dated the first day of March, 1915; then, and in such case, said Ohmer shall be entitled to receive from the Trustee the transfer and delivery of all shares of the capital stock of the Manufacturer then held by the Trustee, and also to receive from the Canadian Company all the Notes of the Manufacturer theretofore made and delivered to or to the order of the Canadian Company by the Manufacturer.



## SHELL CONTRACTS COMMISSION

IN WITNESS WHEREOF the Companies, Parties of the First and Second Part, have caused this agreement to be executed by their duly authorized Officers respectively; and the Party of the Third Part has hereunto his hand and seal subscribed and set, the day and year first above written.

THE RECORDING & COMPUTING MACHINES Co.

By WILL I. OHMER, *President*.

FRANK E. PIERSON, *Secretary*.

WILL I. OHMER.

CANADA CAR & FOUNDRY COMPANY, LIMITED.

N. CURRY, *President*.

F. A. SKELTON, *Secty.-Treasurer*.

CANADIAN CAR & FOUNDRY COMPANY, LIMITED.

1135 Equitable Building, 120 Broadway,

NEW YORK, September 29th, 1915.

To the Recording and Computing Machines Company,  
Dayton, Ohio.

DEAR SIR,—We hereby confirm our understanding with you, that we now waive our right to exact, under the eighth paragraph of our Agreement with you, dated the first day of March, 1915, as liquidated damages for your defaults up to September 30th 1915, a sum equal to Ten per cent (10%) of the price of the number of Time Fuses which have not been delivered in each and every week up to said date. This waiver is made on the understanding that it does not affect your existing agreement that from and after the 30th day of September, 1915, you will manufacture and deliver at the rate of Ninety thousand (90,000) completed Time Fuses per week, as stipulated in said agreement, and that you will complete, on or before the 31st day of March 1916, the delivery of Two million five hundred thousand (2,500,000) completed Time Fuses, under the terms of your said agreement of the 1st day of March, 1915; and that in all other respects the said agreement shall continue in force and shall apply to all future deliveries.

Yours truly,

N. CURRY,

*President*.

NEW YORK, October 22nd, 1915.

NELSON ROBINSON, Esq.,  
c/o Messrs. Homans and Company,  
No. 2 Wall Street,  
New York City.

DEAR SIR,—At a conference held this morning, at which Mr. Ohmer, Mr. Toulmin and Mr. Penney, all three Directors of the Recording and Computing Machines Company, and I, representing Canadian Car and Foundry Company Limited, were present, it was agreed, in compliance with your request, as follows:—

(1) That the Agreement of the 1st day of September, 1915, between Canadian Car and Foundry Company Limited and the Recording and Computing Machines Company and Mr. Wilfred I. Ohmer, should be amended by mutual consent, in one respect, namely, that pending the completion of the Agreement of the 1st day of March 1915, for the manufacture of Time Fuses, the Canadian Car and Foundry Company Limited should be entitled to nominate and procure the election of four members out of seven of the Board of Directors of the Recording and Computing Machines Company.

(2) It is further agreed that, immediately upon the delivery up by you of the Note of the Recording and Computing Machines Company, dated January 1st, 1914, payable on demand to the order of Homans and Company, for \$600,000.00, with interest at 5 per cent per annum, payable quarterly, a new Note or Notes should be made by the Recording and Computing Machines Company for the sum of \$300,000.00 and interest, representing the actual amount paid to you in consideration of the cancellation of the said Note of \$600,000.00.

(3) It was also agreed that all the shares of stock of the subsidiary companies now held by you as collateral to secure the payment of the said note for \$600,000 should, in the meantime, be delivered up to the Canadian Car and Foundry Company, Limited, and held by the said company, subject to the order of the Recording and Computing Machines Company.

(4) It is further agreed that the undersigned shall forthwith procure the Board of Directors of the Recording and Computing Machines Company to pass all resolutions necessary or convenient for the purpose of ratifying and confirming the agreement of the 1st day of September, 1915, made between Canadian Car and Foundry Company, Limited and the Recording and Computing Machines Company and Wilfred I. Ohmer; and also that the cancellation of the said \$600,000 note shall be confirmed, and that the transfer and delivery of the shares of the subsidiary companies above mentioned shall thereupon be delivered to the order of the Recording and Computing Machines Company, and also a resolution of the board of directors of the said company relieving you from all liability whatsoever under or in respect of your letter of March 16, 1915, to Wilfrid I. Ohmer, as president of the Recording and Computing Machines Company.

Yours very truly,

C. H. CAHAN,  
WILFRED I. OHMER.

H. A. TOULMIN,  
THOMAS PENNEY.

*Assignment and Supplementary Contract for the Manufacture of Time Fuses.*

THIS AGREEMENT, dated the 13th day of March, A.D. 1916, made by and between Canadian Car and Foundry Company, Limited, a body corporate, incorporated under the laws of the Dominion of Canada, and having its head office and chief place of business in the city of Montreal, in the province of Quebec, Canada, hereinafter called the "Assignor,"

PARTY OF THE FIRST PART,

and

The Recording and Computing Machines Company, a body corporate, incorporated under the laws of the State of Ohio, and having its head office and chief place of business in the city of Dayton, in the State of Ohio, United States of America, hereinafter called the "Manufacturer,"

PARTY OF THE SECOND PART,

and

Agency of Canadian Car and Foundry Company, Limited, a body corporate, incorporated under the laws of the State of New York, and having its head office in the city of New York, in the United States of America, hereinafter called the "purchaser,"

PARTY OF THE THIRD PART.

WHEREAS, by an agreement made between the Manufacturer and the Assignor, dated the first day of March, 1915, the Manufacturer agreed to manufacture and deliver to the Assignor, on the terms and conditions and at the times therein mentioned, two million (2,000,000) completed time fuses;

AND WHEREAS the purchaser, subsequently, in the exercise of its option in said recited agreement contained, required the Manufacturer to manufacture and deliver an additional quantity of five hundred thousand (500,000) time fuses, making in all two million five hundred thousand (2,500,000) which the Manufacturer has agreed to manufacture and deliver;

AND WHEREAS the said recited Agreement, dated the first day of March, 1915, was supplemented by a further agreement between the Assignor and the Manufacturer and Wilfrid I Ohmer, dated the first day of September, 1915;

AND WHEREAS the Assignor has agreed to assign to the Purchaser all the right, title and interest of the Assignor in and to said recited Agreements dated the first day of March, 1915, and the first day of September, 1915, and the Manufacturer has assented to such assignments:

Now Therefore this Agreement Witnesseth:—

1. That the Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, and with the consent of the Manufacturer, hereby assigns and transfers to the Purchaser all its right, title and interest in and to the said recited Agreement, dated the first day of March, 1915,

2. That the said recited Agreement, dated the first day of March, 1915, as hereby amended, shall hereafter be read and construed so that Agency of Canadian Car and Foundry Company Limited, the Third Party to this Agreement, shall be and be deemed to be the "Purchaser" referred to in said recited Agreement of the first day of March, 1915.

3. That the Manufacturer hereby agrees to manufacture and deliver, in proper packages, to the order of the Purchaser, as provided in said recited Agreement, dated the first day of March, 1915, at least ninety thousand (90,000) completed time fuses in each and every week and to complete the manufacture and the delivery to the order of the Purchaser of said two million five hundred thousand (2,500,000) time fuses on or before the 31st day of August, 1916; but this Agreement shall not limit nor affect the liability of the Manufacturer to pay liquidated damages for any past or future failure or default, nor any other of the rights or liabilities of either of the parties hereto, under the provisions of the 8th paragraph of said recited agreement, dated the first day of March, 1915, and this agreement shall not affect the rights or liabilities of either of the parties hereto, as expressed by the terms of a certain letter, dated the 29th day of September, 1915, addressed to the Manufacturer by N. Curry, President of the Assignor.

4. The said recited Agreement, dated the first day of September, 1915 is hereby amended by cancelling paragraph No. 2 and No. 3 thereof.

5. That the Assignor hereby assigns and transfers to the Purchaser all its right, title and interest in and to the said recited Agreement, dated the first day of September, 1915, as hereby amended, and also as the same is further amended by a letter addressed to Nelson Robinson, dated the 22nd day of October, 1915, and signed by the parties to said recited agreement or by their representatives; and the said recited Agreement shall hereafter be read and construed so that Agency of Canadian Car and Foundry Company Limited, the Third Party to this Agreement, shall be and be deemed to be "the Canadian Company" referred to in said recited Agreement, dated the first day of September, 1915.

6. The Manufacturer hereby acknowledges to have received from the Purchaser the advance to the amount of Seven hundred and fifty thousand dollars (\$750,000) mentioned in the 26th paragraph of the said recited Agreement, dated the first day of March, 1915, and also additional advances to the amount of Two million, five hundred seventeen thousand, three hundred fifty-eight dollars and fifty-eight cents (\$2,517,358.58) which have been received and applied by the Manufacturer to its own use; and interest on the said additional advances at the rate of Six per cent per annum now amounts to Forty-one thousand, three hundred eight dollars and twenty-seven cents

(\$41,308.27), aggregating in all the sum of Three million, three hundred eight thousand, six hundred sixty-six dollars and eighty-five cents (\$3,308,666.85); and the Manufacturer agrees to pay to the Purchaser the said accrued interest of Forty one thousand, three hundred eight dollars and twenty-seven cents (\$41,308.27) without any interest thereon, and the said principal sums amounting to Three million, two hundred sixty-seven thousand, three hundred fifty-eight dollars and fifty-eight cents (\$3,267,358.58) with interest on the said principal sum of Three million, two hundred sixty-seven thousand, three hundred fifty-eight dollars and fifty-eight cents (\$3,267,358.58) at the rate of Six per cent per annum, until paid.

7. The Purchaser also agrees, from time to time up to the 31st day of August, 1916, to make, at the request of the Manufacturer, and in at least fifteen days after such request is received, such advances in cash to the Manufacturer in addition to those already made, as above mentioned, as the Purchaser, in the exercise of its sole discretion, may deem reasonably necessary to enable the Manufacturer from time to time, when it shall not have sufficient funds of its own available for the purpose, to purchase and pay for the materials and to employ and pay for the labour required for the manufacture of time fuses to be delivered by the Manufacturer on or before the said date, pursuant to the terms of the said recited Agreement dated the first day of March, 1915, as hereby amended, and the Manufacturer agrees to repay to the Purchaser all such advances, with interest thereon at the rate of Six per cent per annum, until paid.

8. These advances to be made as aforesaid from time to time by the Purchaser to the Manufacturer shall only be paid out by the Manufacturer in payment of payrolls and accounts approved by at least two members of the Executive Committee of the Manufacturer, and checks drawn by the Manufacturer therefor, countersigned by a representative of Price, Waterhouse & Co., or by another authorized representative of the Purchaser.

9. The price payable by the Purchaser to the Manufacturer from time to time for the completed time fuses which now have been and hereafter shall be delivered and shipped by the Manufacturer to the order of the Purchaser, under the terms of the said recited Agreement, dated the first day of March 1915, as hereby amended, shall be applied, from time to time, by the Purchaser, as the time fuses are accepted and shipped to the order of the Purchaser, in payment pro-tanto to the Purchaser of the amount then due from the Manufacturer to the Purchaser under the provisions of the said recited Agreement, dated the first day of March 1915, and of this Agreement; and the sum due or remaining due from the Manufacturer to the Purchaser after giving credit to the Purchaser for all time fuses accepted and delivered by the Manufacturer and for all other payments made by the Manufacturer, shall at all times bear interest at the rate of Six per cent per annum, until the same is paid.

10. The said recited agreements, dated the first day of March 1915, and the first day of September 1915, as amended by this Agreement, are hereby confirmed.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed in the name and on behalf of each of them respectively by their duly authorized officers, and their respective corporate Seals to be hereto attached.

Signed, sealed and delivered by all  
parties hereto  
in the presence of

M. A. NEWFIELD.

CANADIAN CAR AND FOUNDRY COMPANY, LIMITED,

W. W. BUTLER, *Vice-President.*

THE RECORDING AND COMPUTING MACHINES COMPANY,

WILL. I. OHMER, *President.*

FRANK E. PIERSON, *Secretary.*

AGENCY OF CANADIAN CAR AND FOUNDRY COMPANY, LIMITED,

C. H. CAHAN, *Chairman of Board of Directors.*

B. W. DUNN, *General Manager.*

Attest: C. H. CAHAN, Jr., *Secretary.*

There being now in existence three contracts between Agency of Canadian Car and Foundry Company, Limited, and the Recording and Computing Machines Company, for the production of time fuses, one dated March 1, 1915, and the second September 1, 1915, and the third March 13, 1916, modifying the other two, the second one named being also signed by Wilfred I. Ohmer as a shareholder pledging the shares of the company held or contracted for by him for the performance of certain agreements of himself and the Recording and Computing Machines Company as stated in said contract; it is hereby agreed between the said Wilfred I. Ohmer, on the one hand, and Agency of Canadian Car and Foundry Company, Limited, as assignee of the Canadian Car and Foundry Company, Limited, on the other hand

The shares in The Recording and Computing Machines Company of all owners, except five shares, shall be delivered to The City Trust and Savings Bank, as trustees, a corporation organized under the laws of Ohio, located in Dayton, Ohio, hereafter called the "Trust Company," to act in lieu of The Empire Trust Company, of New York, heretofore named as trustee.

The shares now standing in the name of Wilfred I. Ohmer on the books of the company shall be endorsed and delivered by him to the said Trust Company as "trustee," but not transferred upon the books of the company.

The shares standing in the name of Homans & Co., now in the possession of the agency of Canadian Car and Foundry Company, Limited, shall be endorsed and transferred upon the books of the Company unto the name of the said Trust Company but in order to comply with the terms of said contract of September 1, 1915, the said Trust Company must give its irrevocable power of attorney or proxy, whenever asked for, to the Agency of Canadian Car and Foundry Company, Limited, or its assigns, having an interest in said shares, until certain conditions are complied with by said Ohmer and The Recording and Computing Machines Company as in the contract of September 1, 1915, provided, to enable it to vote at all elections and upon all questions submitted.

The shares held by directors of the Recording and Computing Machines Company as qualifying them shall be endorsed and delivered to the said Trust Company, but not transferred upon the books.

As Agency of Canadian Car and Foundry Company, Limited, is now the owner of one hundred (100) additional shares, which Ohmer wishes to buy, it is agreed that he may purchase ninety-five (95) of said shares for the price of Eleven thousand nine hundred forty-six dollars and sixty-seven cents (\$11,946.67), with interest from October 22, 1915, at six per cent. These ninety-five (95) shares are to be deposited with the said Trust Company under the same terms and conditions of those held by Homans & Co., and the consideration is to be a part of the contract—and said shares are to be in all respects subject to the terms and conditions in regard to pledge, delivery, etc., as all the other shares.

The said Trust Company hereby agrees to receive said shares, and to act as trustee under this contract, and to abide by its terms, conditions and directions in all particulars.

All of said Shares are hereby pledged, (except five retained and owned by Agency of Canadian Car and Foundry Company, Limited, as security by Ohmer and others for the faithful performance by said Ohmer and by the Recording and Computing Machines Company of all the terms and conditions of the contract of March 1st, 1915,

and September 1st, 1915, and of the contracts of March 13, 1916, modifying the previous contracts and extending time for full performance; and the said Trust Company agrees that upon faithful performance by both said Ohmer and said The Recording, and Computing Machines Company of all the terms and conditions of said contracts, and the payment for the ninety-five (95) shares above referred to, made known to said Trust Company to its satisfaction, it will assign, transfer and deliver all of the Shares so deposited to said Wilfred I. Ohmer.

If on the contrary the said The Recording and Computing Machines Company and the said Wilfred I. Ohmer fail to perform all the covenants embraced in said contracts and as stated therein, then in case of such default by either of said parties, as contained or made known to the Trust Company to its satisfaction, it will assign, transfer and deliver to Agency of Canadian Car and Foundry Company, Limited, or its assignee, all of the shares deposited with it, being all of the shares of said company except five (5) shares. If transfer on the books is refused it will assign all its interest in the same and deliver the shares. Before any such delivery to either party said Trust Company will give fifteen (15) days' notice in writing of its intention to the opposite party. If no objection is made, its action will not thereafter subject it to any liability for such delivery. The act of said Trust Company will not be conclusive, however, as between the parties.

Copies of all contracts are herewith deposited with said Trust Company as embracing the conditions upon which it holds all of said shares.

All parties in whose name the shares stand on the books shall vote the same. Said Ohmer guarantees that the shares now standing in the name of Homans & Co., which are to be transferred into the name of said Trust Company, shall be at all times protected in its right to vote as directed by the agency of Canadian Car and Foundry Company, Limited, or its assignee, as the shares are agreed to be put in the name of said trust company as trustee only upon that consideration.

Said Trust Company assumes no responsibility beyond agreeing to act as herein agreed to, in good faith and according to its best judgment. If litigation results out of the disagreement of parties, to which it may be a necessary party, the party in whose favour it decides will assume the responsibility of defence and save it harmless from all cost, expense or counsel fee.

IN WITNESS WHEREOF the said Ohmer has hereunto his hand and seal subscribed and set and the said companies have caused this agreement to be executed in their respective names by their duly authorized officers this 18th day of March, 1916.

Signed, sealed and delivered  
by all parties hereto in the  
presence of

M. A. NEWFIELD.

THE RECORDING AND COMPUTING MACHINES Co.,

By WILFRID I. OHMER, *President*,

FRANK E. PIERSON, *Secretary*. [SEAL]

WILFRED I. OHMER, [SEAL]

THE CITY TRUST AND SAVINGS BANK,

Dayton, Ohio.

By H. E. TALBOTT, *Pres.*

W. W. BISHOP, *Secy.* [SEAL]

AGENCY OF CANADIAN CAR AND FOUNDRY COMPANY, LIMITED,

By C. H. CAHAN,

*Chairman of Board of Directors.*

B. W. DUNN,

*General Manager.*

\$4 U.S. Internal  
Revenue stamps  
affixed to first  
original copy.

Attest: C. H. CAHAN, Jr.,

Sir WILLIAM MEREDITH: What about these banks books.

Mr. HELLMUTH: I understand that the Morrisburg branch had some of the money deposited there, and that their account as well as the New York account would both be here.

Sir WILLIAM MEREDITH: They are not here yet?

Mr. HELLMUTH: No, but they will be here to-day, I understand.

Sir WILLIAM MEREDITH: Well, Mr. Johnston?

*Argument by Mr. Johnston:*

Messrs. Commissioners, before submitting to you the somewhat brief remarks that I propose to make, I desire to call attention to a personal matter. This I think is the first time in my life that I have brought before a court anything of a personal nature—I merely wish to entirely contradict a statement, because I think perhaps it was made with some ulterior purpose.

It was stated in one or two of the papers yesterday that I was representing the Opposition, and that I had retired from the case intimating that it was by reason of the evidence that had been adduced. I desire to state for the benefit of the papers in question that that is absolutely untrue, and that it was written by the reporter whoever he was apparently with some ulterior purpose. Perhaps the best answer to the allegation is that I am here to-day, and never had any such intention, nor was it ever discussed that I would retire because I was not satisfied with the evidence or otherwise.

Now, I hope to redeem my promise of being short which was made on receiving the indulgence of the Commission yesterday to enable me to look over some matters which I thought might be condensed or perhaps not dealt with by me at all.

The first thing I point out is the language of the Commission. I regret that I cannot agree with my learned friend Mr. Hellmuth in his interpretation of that paper. I do not think for a moment that it was intended that only corrupt acts, or acts involving personal discredit or dishonesty should be investigated. The Commission is absolutely wide and clear. I am not going to read it except to refer to one or two expressions in it which I think support my contention.

The power of the Commissioners is to inquire, "into the acts and proceedings of the Shell Committee, whether by themselves or by any other person or persons directly or indirectly, and of the Minister of Militia and Defence, whether by himself or by any other person or persons directly or indirectly in relation thereto or in connection therewith and into the negotiations therefor, the profits"—I need not read that part.

Mr. NESBITT: What is the page?

Mr. JOHNSTON: The first day.

Mr. NESBITT: What page?

Mr. JOHNSTON: Pages 1 and 2.

—and generally speaking into all other acts, transactions and matters of every kind relating to the said contracts and each of them.

Now, I just have a few words to say about that in support of what I think is the true construction of the document itself. The language is of the widest character, it is not confined to wrongful acts—and when I speak of wrongful acts I speak of something in the nature of improper conduct from a moral standard, the *mens rea*, if you will, the acts with an intent, or corrupt acts perhaps would describe the matter more correctly than any language I could use.

Just let me say here that if it meant that this Commission should inquire into corrupt acts only, it would say so. It does not even say that it shall inquire into the acts contained in Mr. Kyte's speech, or anything in the nature of charges made either against the Shell Committee, the Minister of Militia or any other person. It is

intended to include acts which might meet with the disapproval of the country, the Commissioners or the Government, and therefore so far as that is concerned, a wide scope was given to the Commission to inquire into any of those acts. It was not intended to exclude even wrong commercial acts as I may call them; if it had, one would have thought that it would have stated so.

Then bearing in mind that the acts themselves referred to in Mr. Kyte's speech—(and I am not quarrelling with the word that my learned friend used one way or the other)—were acts that were nefarious, that is not so limited in the Commission, and Mr. Kyte's speech I may point out is no part of this Commission. Mr. Kyte's speech can only be looked at for the purpose as I understand of explaining it, or of throwing some light upon the language of the Commission by reason of the context we have either from Mr. Carvell's speech on Mr. Kyte's speech on Sir Robert Borden's letters or reports. These I submit do not enlarge or diminish the scope; they are no part of the Commission itself, and therefore do not in any way limit the language of the Commission in that respect. One could readily conceive I think that there might be such gross incompetency, such gross negligence, there might be many matters that would be a ground of complaint against a Minister for instance, holding a public position and representing the country generally in that position. Therefore if it was found, I am not saying it is the case here, but if it was found that the Minister of Public Works or the Minister of Militia or any other Minister who is in a representative capacity had been guilty of great negligence, without any personal wrong-doing, if he had been guilty of incompetency without perhaps any fault of his, that would be a matter under this Commission which might be inquired into. I therefore think if it had been intended in any way to limit the scope of this inquiry into personal wrong-doing that the word "corrupt" would have been inserted, and would then of course have brought the matter clearly within the position taken by my learned friend. Having said that with reference to the Commission I need not enlarge upon it, because after all it is a question of construction which must rest entirely with the Commissioners themselves.

Then I come to deal with a few matters of fact, and they shall be limited, from the standpoint, not as representing Mr. Kyte at all, but from the standpoint of one having heard the evidence, and which I think deserves the consideration of the Commission in dealing with the matter when you come finally to form your conclusions in regard to what has taken place. One question that naturally arises is in regard to the fuse contracts—why was Canada ignored in the manufacture of these fuses? I am not dealing for the moment with the answer to that; I am rather dealing with the question which would suggest itself to one's mind in considering the situation relating to a contract involving twenty-two millions of dollars, and at a time when, if I may say so, Canada was as much in the throes of the war and of its unfortunate incidents, as Great Britain, looking to heavy expenses, looking to depression of business, and looking generally to a disorganized condition of labour and capital and great drains made upon this country at a time when Canada required anything in the way of assistance that could possibly be got either from the Mother Country or elsewhere. Taking that condition of things one would naturally ask the question, why did not Canada get the twenty-two million dollars spent within her borders in order to help her out in the difficulties she had just entered upon, and which surrounded her business and trade, and the general condition of the country? That may be answered satisfactorily to the Commissioners, but the question is one which ought to be answered, not in a perfunctory way, but it ought to be answered definitely and clearly, and beyond all question of contradiction, because it is a very vital question, as I understand it, in connection with these transactions. Dealing with the constitution of the committee—I am not dealing with the legal effect of that constitution, because it matters not for my purposes for the moment whether they were trustees or contractors—dealing with the constitution of the Committee one is forced to the conclusion that the object of that committee, the sole purpose of that committee, was to



help Great Britain and to keep the business of making shells, particularly, in this country. That was followed up by the contracts for a large number of shells, and in that respect no fault could be found; but when it came to a very large volume of orders, twenty-two million dollars or thereabouts, then one would naturally say, is the reason given or suggested sufficient to answer the question, why were not they made in this country? The committee originated from a meeting of manufacturers. These manufacturers were asked by General Hughes to attend together for the purpose of apparently making munitions of war in this country. He never thought for a moment that he was calling or forming a committee to manufacture fuses in the United States, or shells or anything else; and I want to give him credit, I want to say he is entitled to credit for the position that runs through all of his directions, and all of his ideas and instructions and advice; first he wants them cheap, cheaper than they have been offering to make them, and he wants them made in this country. It is only fair to General Hughes to say that. Then the question is, what diverted the mind of the Minister, or what diverted the instructions of the Minister or the acts of the Shell Committee from carrying out his instructions or his wishes, because after all I suppose his wishes were practically a mandate to express his wish in that way?

Sir WILLIAM MEREDITH: Does it not occur to you that with a large body of manufacturers on this committee if in their judgment Canada was equipped to manufacture these, they would have themselves endeavoured to obtain contracts? I have forgotten how many manufacturers there were that were receiving contracts.

Mr. JOHNSTON: Two hundred odd; but a very few of them perhaps would manufacture fuses; that was a special matter.

Sir WILLIAM MEREDITH: There was nobody in Canada equipped to manufacture fuses.

Mr. JOHNSTON: There was nobody in the United States except one.

Sir WILLIAM MEREDITH: I am speaking now of Canada; they were all in the same position.

Mr. JOHNSTON: Let me answer that by taking Col. Carnegie's statement; you will not misunderstand me in what I am saying; I am putting the question; I am not for the moment answering it, nor am I giving the answer myself, but I am putting the question, and I want to show briefly just what the attitude of the committee was upon that subject. I take Col. Carnegie's statement, page 31: "I should like to say that up to this date I had had the opportunity of visiting most of the factories that had consented to go into this work. To begin with, there was a great deal of reluctance on the part of manufacturers to touch the work. It was unknown to them, it was a new industry. The trouble regarding the manufacture of steel and the treatment of the shells had somewhat diminished by this date"—that was in November, 1914—"The ingenuity, the skill, and what I considered the very marked ability of the Canadian mechanic and manufacturer so impressed me in my movements around Canada that I urged the Committee and I urged the Minister—I had an opportunity of meeting him—to do whatever in his power lay to obtain shells. We in Canada, for I was then part of Canada, realized that there were many other manufacturers, who, perhaps unable to discover their own ability, were able to do the work. We had heard that Bethlehem had had these orders, and hence General Hughes cabled to the War Office"—that was the cable General Hughes sent, "My committee makes shells as cheap and as good"—referring to the Bethlehem Steel Co.

There is Col. Carnegie's certificate as to the capability of the Canadian manufacturers and skilled workmen to do the work if the opportunity presented itself, except those who were troubled with the modesty which he speaks of, that did not like to face the difficulty, if there was any difficulty, or the large expenditure that was necessary in regard to these matters. If that was true, then the question is as

to the making of the fuses, because that was a matter of course, one must admit, of a certain special character. They were getting shells, but the object of General Hughes was to get complete shells for Canada. Fuses were discussed in November of 1914; that was when Mr. White, I think it was, made up an estimate of the cost. They were willing to enter into the manufacture of fuses apparently, but were they—and again I am not asserting any opinion upon that matter—properly encouraged? Was the desire to make fuses fostered by Col. Carnegie or by the Shell Committee, or was it rather sat upon, and the difficulties of the work pointed out, the delicacy of the work, and so on, impressed upon some of the manufacturers at least, which may or may not have deterred them from going into the business? These are questions that require answering, and questions that I think ought to be answered as far as the Commission can answer them from the evidence that has been given.

Another question one naturally asks: What efforts were really made for the purpose of having fuses made in Canada after all said and done? Nicholls was the first. White was carrying on some ideas that he had got in Nicholls' factory. Russell apparently had been trying, or was later on trying to manufacture fuses or to get a contract; Sise, apparently, was working along the direction of getting a fuse contract; is there anything in the evidence to show that these men, who were willing, at any rate who have given evidence to that effect, or evidence has been given to that effect, were encouraged to go on in an expensive manufacture and a risky manufacture, I will admit to some extent; or were they just left to their own devices, and the encouragement given eventually and through the winter of 1915 to American manufacture. That is another question which becomes very pertinent and which I think may be answered from the evidence without very much contradiction.

Sir WILLIAM MEREDITH: Apparently, Mr. Johnston, your argument is that the policy of the Shell Committee is a matter to be investigated by the Commission; do you go as far as that?

Mr. JOHNSTON: Oh, yes; I go further than that. I say that, contrary to the wish and the express determination of General Hughes, they acted the directly opposite; I mean, you will understand I am not dictating this for a moment as to what the findings should be, but I say there is evidence of that fact, and I am now dealing with it entirely apart from the question of politics on the one side or anything else on the other.

Sir WILLIAM MEREDITH: What was Colonel Carnegie there for? Was it not to give them advice upon technical matters? Was not that the purpose of his appointment?

Mr. JOHNSTON: I suppose it was to some extent.

Sir WILLIAM MEREDITH: How can blame be attached to the members of the Shell Committee if they acted upon the advice of and opinion of their expert adviser.

Mr. JOHNSTON: Deal with Colonel Carnegie alone. I shall apply the question to Colonel Carnegie's acts. I am not arguing the question for a moment, I am submitting that as one of the cardinal questions that ought to be considered, and I am pointing out the general trend of the evidence. Of course if I am wrong in my statement of the facts that is subject to correction by the record; I am not expressing an opinion on the matter as to whether or not that was so.

Well, then, whoever is responsible for the cablegram of the 18th November, and just to close that matter—

Sir WILLIAM MEREDITH: That has been read; Mr. Carvell read it.

Mr. JOHNSTON: Yes, but I am trying to avoid repeating; one necessarily has to repeat a little where such an area of ground was covered, as was covered yesterday. Here is the cablegram of the 11th November, Exhibit 26 from Troopers to the Minister:—

"With reference to your cipher—how many complete rounds of 18-pr. Q.F. ammunition including propellant and fuses can you supply by 1st of June and at what price?"

That is practically the beginning of the fuse question, and that is after the time that Colonel Carnegie had been round the country, according to what he says, and had given the certificate of character and skill and ability of the Canadian manufacturer and of the Canadian mechanic. The next is Exhibit 27, November 18th, from Hughes to Troopers:—

"We can supply 18-pr. ammunition complete with shell cartridge case, primer fuse and propellant. Will require drawings, specifications, gauges and sample of fuses before commencing manufacture. Will cable on the 19th inst. number we can supply by June 1st and also prices."

Then the next one is Exhibit 28 in which they speak of the price; that is to Troopers:—

"Can undertake supply 200,000 18-pr. shrapnel shells fixed ammunition including propellants, but without fuses and packed in ammunition cases delivered f.o.b. Montreal or Halifax by June 1st. Prices \$17.65 each including boxes."

Then the others they give at \$9.25. "Can also supply fuses and will name price on receipt of specification and drawings. Early decision necessary as price raw material advancing rapidly."

What I point out, and I merely point it out as a fact for very grave consideration, that in November 1914, after having examined the factories, after having been all over this country and having come to the conclusion that he did come to in the certificate, the answer which he gave to the question as to the capacity, he sends these cablegrams to the War Office offering to manufacturing fuses. Then I ask what evidence is there, because I have not found any of any cogent character at all, that from that time on any effort was made by Colonel Carnegie or by anybody else, excepting perhaps the instance of General Hughes himself; what evidence is there to show that at any time he did anything?

Sir WILLIAM MEREDITH: Are you not overlooking the fact, the proposition to the General Electric?

Mr. NESBITT: What about Standard Asbestos?

Mr. JOHNSTON: I am not looking over that fact; I am taking the fact as it stood then, that the proposition made, the evidence we had shows that the offer of 20,000 fuses would be madness. According to the story of the American people, according to the admitted evidence throughout it would be madness to start a factory for the manufacture of 20,000 fuses when you go on to millions.

Sir WILLIAM MEREDITH: There is more than that with the General Electric, the broader question, entering into a larger contract.

Mr. JOHNSTON: Yes, but no larger contract came.

Sir WILLIAM MEREDITH: They would not undertake it with their then knowledge.

Mr. JOHNSTON: Unless certain things were guaranteed, which in effect were guaranteed in other cases.

Sir WILLIAM MEREDITH: Oh no.

Mr. JOHNSTON: Not guaranteed, but there is the guarantee, because the amortization charges were provided for in the price.

Sir WILLIAM MEREDITH: That had only relation to the original proposition, but I am talking about when they were talking about entering into the manufacture, did not Col. Nicholls point out that the company was not equipped to do it?

Mr. JOHNSTON: Which was true.

Sir WILLIAM MEREDITH: I thought the correspondence rather indicated that the company was not willing to undertake the thing.

Mr. JOHNSTON: Then White went out and he was willing.

Sir WILLIAM MEREDITH: I take no stock in that as far as I am concerned.

Mr. JOHNSTON: That may be so, but that is the evidence at any rate. Sise, apparently, was more or less willing to try and get into this manufacturing. Was he encouraged? That is another question that arises?

Sir WILLIAM MEREDITH: What would have happened if they had given contracts to Canadian manufacturers, and encouraged, as you say, the Canadian manufacturer, and the result been, to use the common expression, the Canadian manufacturers had fallen down, would not Col. Carnegie at once have been accused of putting Canadian manufacturers to all this expense when he ought to have known before?

Mr. JOHNSTON: I do not know that, because the Russell Co. went on and did not fall down; they are more up to date than any of them.

Sir WILLIAM MEREDITH: Things have changed a great deal.

Mr. JOHNSTON: Changed against the fuse manufacturer because prices were higher—

Sir WILLIAM MEREDITH: I am not talking of that but the knowledge—

Mr. JOHNSTON: There did not seem to be any special knowledge imported by the Russell Motor Car Co.

Sir WILLIAM MEREDITH: What always struck me as somewhat extraordinary,—I suppose nobody will deny that Mr. Patterson and his associates were eminently capable, business men; they were not willing to enter upon a contract of this kind without getting the services of such men as Major Hawkins and Col. Birnie, besides others, at the very large prices which they had to pay. Does not that speak a great deal louder than opinions that have been expressed as to what could have been done without such experts?

Mr. JOHNSTON: They may speak a great deal louder than any opinion I have to offer.

Sir WILLIAM MEREDITH: You are offering no opinion.

Mr. JOHNSTON: It may be you will come to the conclusion that that was exaggerated, or that it was perfectly correct. One cannot tell how these things impress the minds of others. But what I want to point out is this, without, again, arguing the deductions that may be made from it, I want to point out this fact that the American Ammunition Co. has not been a success, that experts, if you have the money, can be got anywhere, that Kirby was called by Col. Carnegie, a first class man as an expert, and perhaps according to his idea the only man in that locality that the Russell Motor Co. have got, and they are carrying out contracts better even than the American companies are doing with all their experts; that is what they say; that is what is alleged, at any rate.

Sir WILLIAM MEREDITH: But they are not doing the loading.

Hon. Mr. DUFF: The American companies are not loading graze fuse. As far as graze fuse is concerned the fuse that is being produced in this company by the Russell concern is precisely the same fuse, and they seem certainly to have made greater progress than the Americans; but I cannot help thinking that arguing back from *ex post facto* when conduct is being attacked as grossly negligent in some aspects of the case, the force of the argument is open to question which you will appreciate.

Mr. JOHNSTON: There is no doubt about that.

Sir WILLIAM MEREDITH: The difficulty I have had in my mind all along, notwithstanding what has been said about Col. Carnegie, I should think he is a man that stands high—why should he, unless, as has been suggested, he found that he made a mistake and wanted to cover it up, deliberately do that which was dishonest, improper, grossly negligent?

Mr. JOHNSTON: I cannot answer for the motives that actuate some people, or the reasons why apparently good living people, and apparently pious people sometimes

act in a way that would not be approved of by anybody—I am not insinuating, I am merely putting the facts here; and if that is an answer then it is an answer.

Sir WILLIAM MEREDITH: You must surely show that there is some motive, some purpose to be served.

Mr. JOHNSTON: Supposing there was ignorance, want of capacity, would that not be a very serious ground?

Sir WILLIAM MEREDITH: I should hesitate long before taking the responsibility of saying that Col. Carnegie, who is now with the Munitions Board in the position that he occupied with the Shell Committee, is a man of that character; it is a most serious responsibility.

Mr. JOHNSTON: If I wanted a finding of that, and if I wanted it upon a different principle I would not appeal to your Lordship to give that finding, because the finding must depend upon the principle which is laid down by the person who makes the finding, and according to that principle the result must be—

Hon. Mr. DUFF: Does not this appeal to you; that one of the difficulties—I confess I have great difficulty in understanding how this thing was worked out, but does it appeal to you that one source of the difficulty was that Col. Carnegie, who was the ordnance adviser, and should have been kept to his proper work as ordnance adviser, apparently became the bearer of the burden of all the commercial work, the commercial negotiations in connection with these things, a kind of thing with respect to which I should suppose, from what we have heard from him, he really was without experience of.

Sir WILLIAM MEREDITH: His weak side.

Hon. Mr. DUFF: Yes.

Mr. JOHNSTON: One would think he was not a very good business man judging from some of the things he did.

Hon. Mr. DUFF: I understand that in the Imperial Munitions Board—I gather from what has been said—that sort of thing is in other hands altogether, and perhaps it is a very good thing that it is in other hands.

Mr. JOHNSTON: I do not purpose to argue the questions in detail, but any light I can throw upon the matter from my standpoint—and I may say it is a personal standpoint as far as I am concerned, I have come to these conclusions (without urging the conclusions upon the Commission) through the method I am now suggesting to the Commission.

Sir WILLIAM MEREDITH: I am sure we are both very well satisfied with the way you are presenting the case.

Hon. Mr. DUFF: Yes.

Mr. JOHNSTON: Quite apart from what was said yesterday, that seems to me to be one of the crucial points, as to how these questions ought to be answered in view of the evidence.

Then the other crucial point—and I am only dealing with two—is Allison, beyond any doubt. There is no question about that. What does that lead up to? I am eliminating all the discussion and the question of how things were brought about, because to repeat that would serve no good purpose. It has been repeated, again and again, and particularly yesterday by Mr. Carvell, and he has presented his view of the case. Now, I have one matter that I desire to sum the whole thing up as it comes to my mind, and you will pardon me a moment if I refer to his connection with Hughes, because I feel that that is perhaps the basis of the whole thing. Allison was no doubt, and is, a very close personal friend of General Hughes; and just see in one moment's consideration the relationship which must have existed between these two gentlemen. General Hughes appointed him on a sort of commission with General Drain, which fell on the way. Allison was entrusted with the difficult, perhaps, and delicate task of getting supplies across the river into Canada owing to the position

or attitude of the American authorities; they were very closely associated in regard to what is known as the Home Island property—

Sir WILLIAM MEREDITH: What does that mean?

Mr. JOHNSTON: That was where General Hughes helped him in regard to the destruction of his island home at Morrisburg.

Sir WILLIAM MEREDITH: You mean the fight at Washington?

Mr. JOHNSTON: Yes. I am only mentioning these facts to show the relationship.

Mr. NESBITT: That is incorrect. General Hughes was fighting purely on the basis that Sir Adam Beck has been fighting, all the way through, in the public interest, and his efforts linked themselves up with those of Colonel Allison—

Sir WILLIAM MEREDITH: Mr. Johnston is presenting his case with great fairness; I am sure he won't go out of the way to say anything that he does not think is warranted.

Mr. JOHNSTON: In all these matters as far as we know he apparently went to Hughes, and in connection with matters of that kind, whether they were many or few, consulted him, whether it was shipping goods across the river, whether it was to his island home, he always had the confidence and sympathy and friendship and the assistance of General Hughes, against which not a word could be said. Then he reported continually to General Hughes in regard to what he was doing in connection particularly with the so-called breaking of prices, etc., and the purchase of supplies in the United States.

General Hughes was on good terms with Allison. There can be no objection to that, and I am saying nothing about it except to show the relationship. He visited Allison in Montreal, in Allison's own room, showing a condition of friendship which perhaps is not disputed.

General Hughes apparently did not entrust to the Committee the breaking of prices, he left that to Colonel Allison, and gave Allison apparently very full powers to go where he liked in fact and see that prices were kept down—a very laudable object, beyond doubt.

There was a talk about commission; Allison ventured to discuss the question of commission, and we know the answer that was given.

Sir WILLIAM MEREDITH: That was very early after the idea of making him one of the two purchasing agents, which fell through.

Mr. JOHNSTON: Yes, but it was before the fuse contracts came into operation.

Then he got the approval of General Hughes in regard to that form of commission and notwithstanding his evidence and all the rest, General Hughes has a right to exercise his own judgment without reference to me or to anybody else—he still approved and took the position that Allison was justified in doing what he did.

Sir WILLIAM MEREDITH: He went further than that; he said that Allison said he ought not to charge any commission.

Mr. JOHNSTON: He was in that position that no question of salary was possible.

One would have thought, if he was doing all this work he would have been put upon a salary basis and be paid for his work.

Sir WILLIAM MEREDITH: That was the basis in the mind of General Hughes when he was forming that commission.

Mr. JOHNSTON: But I am past that.

Sir WILLIAM MEREDITH: You were discussing matters in connection with the breaking of the prices.

Mr. JOHNSTON: Yes, sir. Why could he not have been put upon a salary and relieve the situation entirely? These are matters which enter into the consideration of the whole question.

Sir WILLIAM MEREDITH: Didn't he make the answer that nobody thought Colonel Allison would expect to get anything for doing that?

Mr. JOHNSTON: I think not. I think the idea was that as long as they were not Canadian articles coming here for Canadian purchases purely, that Allison was to get commission and so on as he pleased. He apparently got something from the other Allies—from Russia at any rate.

Sir WILLIAM MEREDITH: I did not understand that those had any relations to the Shell Committee?

Mr. JOHNSTON: I am coming to that. He apparently got from somebody, and one would think from Allison this letter, in which he says he is charging no commission.

Hon. Mr. DUFF: Who is that you are speaking of now?

Mr. JOHNSTON: General Hughes, sir.

Hon. Mr. DUFF: He sent copies of letters to General Hughes, he says.

Mr. JOHNSTON: He was communicating (if I might use the word) with his Chief.

Then he did refer some of the members of the Shell Committee to Allison. Was Allison the man who really was employed and consulted with reference to these American contracts?

Hon. Mr. DUFF: Do you mind my asking you there—perhaps that question would involve several distinct questions—it is admitted that Allison was consulted or employed at the early stages; do you mean to refer to the later stages of these negotiations?

Mr. JOHNSTON: Yes, sir, and I have noted the question, was Allison the man who was employed and consulted really on these contracts?

There is another question which seems to me to be important and pertinent:

Why was not the Shell Committee or some members of the Shell Committee employed for the same purpose, or for that purpose, why should it be left to Allison?

Sir WILLIAM MEREDITH: There is a plain answer to that. Allison was in New York. He was a broker engaged in this business. What was more natural than that he should be asked if he could not break the prices?

Hon. Mr. DUFF: If you start from the platform that the British agents down there were not to be consulted about these things—British agents who must have had complete knowledge of the whole situation in the United States.

Mr. JOHNSTON: But you will see that the price was fixed by the Shell Committee. There is no evidence or pretence that I can see that any price was reduced or broken, or anything else, by Allison. It was really done by Colonel Carnegie and General Bertram. Perhaps General Bertram himself was responsible for it, that it was he who fixed the prices; apparently.

Sir WILLIAM MEREDITH: What do you say as to the evidence not pointing to the conclusion that the Dr. Harris people knew that there was a competitor in the field and therefore were willing to cut down their prices?

That is my recollection of the testimony.

Mr. HENDERSON: Dr. Harris says so.

Mr. NESBITT: Dr. Harris says it at page 681 of these proceedings.

Mr. JOHNSTON: The point I am making is that apart from Dr. Harris and the Yoakum party, apart from these gentlemen, the price was fixed by General Bertram, and it was as unalterable as the laws of the Medes and Persians.

They fixed on a price of \$4.25, then came up to \$4.50, and there was no apparent attempt made to break that price of \$4.50, as far as we have any record.

Hon. Mr. DUFF: Don't you think an effort was made to get the price down from \$4.50 to \$4.25?

Mr. JOHNSTON: I say it was first of all put at \$4.25. General Bertram talked of \$4.25, then it was raised to \$4.50.

Hon. Mr. DUFF: Don't you think the Committee held out after the 21st of April for \$4.25? Nothing whatever was accomplished, however.

Mr. JOHNSTON: That is the evidence as it occurs to me, at any rate.

Sir WILLIAM MEREDITH: A great deal depends upon whether you start (as this tribunal has to start) with a clean sheet in reference to these people, or whether you start with the idea that everything is suspicious and that blame has to be inferred against them.

That is what I understood the attitude was.

Mr. JOHNSTON: Not by me. However, let me go on, because I think this whole matter has dragged out unmercifully, not only the investigation itself but probably the arguments also, while they continue to follow the line of the investigation, I want to be as short as I can.

Sir WILLIAM MEREDITH: To make the other men short?

Mr. JOHNSTON: I hope so, sir.

The point I want to make in this connection is that when these gentlemen went down there (take for instance the Edward Valve Company) they had a draft contract all ready, the only question was the filling in of the blanks; the prices that were fixed by the Commission remained practically the same excepting one item, which was the four cents. The prices fixed by the Shell Committee remained at \$4.50 and \$4. There did not seem to be any breaking of those prices, and one is a little surprised (and I mention this in passing) that the proposal made by Mr. Thomas had not been carried out as it is carried out in all commercial and business transactions, namely, that a person seeking to buy an article will fix a minimum price for it instead of taking the lowest tenders as the universal practice is.

This is the first time in my experience (and I have had quite a varied commercial and professional experience) that I have ever heard of what is called a Dutch tender being offered.

Sir WILLIAM MEREDITH: Did the conditions that existed then ever exist before?

Mr. JOHNSTON: I cannot answer offhand. But there is the making of the shells alone. They did the same thing there. There was no difficulty in making shells.

Sir WILLIAM MEREDITH: I thought you were speaking of not adopting the Thomas idea in regard to competition.

Mr. JOHNSTON: So I was. The making of shells was apparently a very simple matter, because nearly 300 manufacturers had been in it.

Sir WILLIAM MEREDITH: The policy of the Shell Committee was to find out what was a fair price, and they would give that price to whoever it was. But Mr. Thomas could not agree with that.

Mr. JOHNSTON: But having regard to any class of business apart from purely technical matter, where you have to deal with technical matters, the difference is there.

Sir WILLIAM MEREDITH: Didn't they have to coax the manufacturers into the business of making shells?

Mr. JOHNSTON: The difficulty was with the fuses.

Sir WILLIAM MEREDITH: My impression is that the difficulty was with getting the manufacturers generally to take up the manufacture of shells.

Mr. JOHNSTON: No, because the four gentlemen who were on the Committee absorbed the whole order, in November, 1914.



Mr. NESBITT: Why does Mr. Johnston make that statement? It is absolutely untrue.

Sir WILLIAM MEREDITH: Why do you say that, Mr. Nesbitt?

Mr. JOHNSTON: That is just about what I expect.

Sir WILLIAM MEREDITH: We are getting on splendidly as we are.

Mr. NESBITT: But such a statement as to these four gentlemen who gave so much of their time, months and months, without reward, should not go unchallenged.

Sir WILLIAM MEREDITH: It was not a proper expression, to say it was untrue.

Mr. JOHNSTON: I may have been quite mistaken. When that first shell contract was discussed and taken over, the four contractors who entered into it took that contract without any previous knowledge of the manufacture of shells, which was perfectly correct and is I think borne out by the evidence.

Mr. NESBITT: That is a very different statement from that which Mr. Johnston made a few moments ago, that they had absorbed the whole contract themselves.

Mr. JOHNSTON: I say that those four gentlemen undertook to supply that number of shells, that they actually through their firms did do, if not the whole of it, the most of it, with the component parts which they had not undertaken. It did not matter who it was done by, they were responsible, they absorbed the whole of that contract.

Sir WILLIAM MEREDITH: Is that the sense you use it in?

Mr. JOHNSTON: Certainly.

Sir WILLIAM MEREDITH: Do you not attribute anything to the patriotism of those manufacturers?

Mr. JOHNSTON: I am not complaining of that. I am only saying that there was no difficulty in regard to the making of shells. That is what you were asking me about, in regard to the difficulty in making shells.

Let me call your attention to another matter in regard to the Shell Committee, in addition to the taking of what was looked upon as Canadian business to the United States.

Was there a proper conduct of the business on the part of we will say Colonel Carnegie (confining it to him) in fixing the price of graze fuses?

Can that be justified upon any ground? If it can, I shall be very glad, for Colonel Carnegie's sake.

Sir WILLIAM MEREDITH: What was the fuse the Russell Motor Car Company was making; was that not a graze fuse?

Mr. JOHNSTON: That was a graze fuse, yes, sir.

Sir WILLIAM MEREDITH: A month after that contract was let at \$4, and \$3.50, wasn't it?

Mr. CARVELL: \$4 and \$3, or an average of \$3.50.

Sir WILLIAM MEREDITH: Which one of these contracts is it that General Pease was said to have been present at the making of?

Mr. HELLMUTH: Both of them.

Hon. Mr. DUFF: But he did not approve. The Russell was the result of a consultation with Colonel Carnegie in the States. He was present when the other contract was made, but made no comment.

His LORDSHIP: I don't know that we have accurately what his position was. Somebody said he was here looking after the interests of the Imperial Government in regard to munitions.

Mr. CARVELL: Not here, sir, in the United States.

Hon. Mr. DUFF: I don't think it is suggested that he was here on official business in connection with the Shell Committee, and I do not think it is in evidence that General Pease knew anything about the contract or the prices in the United States. The inference is about the opposite to that, because when he learned it he insisted upon a reduction.

Mr. JOHNSTON: Colonel Carnegie was the man who fixed the prices. It was a mistake that may or may not be important, but it was a mistake which cost the country an immense amount of money.

Cadwell was making the graze fuses at \$2.40 unloaded, adding forty cents for loading, making \$2.80 as against \$4 which was allowed for them. So the loss would be enormous, as you can see.

Sir WILLIAM MEREDITH: There was something which came out in Mr. Flavelle's evidence which indicated that the business was an extraordinary kind of business. A few months ago contracts were let at a difference of some 35 cents. What is the explanation of that—the urgency, the necessity of getting the work done?

Mr. JOHNSTON: Taking Mr. Flavelle's action as Chairman of the Imperial Munitions Board, when this company (the American Company I think it was) were in default and came for an extension, they got an extension on certain fuses delivered up to a certain time at the contract price of \$4, and to make the balance which they proposed to carry through Mr. Flavelle's Committee only allowed them \$2.70 a fuse loaded.

Sir WILLIAM MEREDITH: But they had them on their hands.

Mr. JOHNSTON: Certainly they had them on their hands. But I would not suspect Mr. Flavelle of doing such an unfair or unreasonable act as that.

So that the mistake of Colonel Carnegie caused as I have made it up, over two million dollars of a loss, if you take the Cadwell and the Flavelle figures on which they allowed the extension for the balance of the unmade ones.

Owing to that and similar facts apparently Allison was called in, because General Hughes felt that there was an overcharge, that they were costing the country too much and he wanted the prices lowered.

Mr. HENDERSON: Allison knew nothing of graze fuses whatever.

Mr. JOHNSTON: One further matter. When the Edward Valve Company contract was entered into, the blank agreement was taken over. There is no objection to that. When that Edward Valve matter was taken over Colonel Carnegie was there, and according to Yoakum in one sentence he says four cents a fuse, which amounted to a very considerable sum of money, some \$20,000, was added for his commission.

Later on he tried to qualify it by saying that it was because no arrangement for finances was made, that interest had to be provided for, and that the four cents a fuse was for that.

Hon. Mr. DUFF: He said the four cents was for the case.

Mr. JOHNSTON: But he had sworn only a few minutes before that the four cents was added for his commission. I pointed out to him that the interest could not amount to very much, that it could not exceed five thousand dollars or six thousand dollars.

Sir WILLIAM MEREDITH: How is it possible to ask this Commission to find that four cents was added for commission with the knowledge of any of the Shell Committee?

Mr. JOHNSTON: Colonel Carnegie was there.

Sir WILLIAM MEREDITH: Colonel Carnegie swears that there was no such thing, and the explanation is that they wanted those advances, and when the advances were not to be given they added the four cents.

Mr. JOHNSTON: That answer may be satisfactory, and it may not.

Sir WILLIAM MEREDITH: But that is the answer which has been made.

Mr. JOHNSTON: It may be satisfactory to the commissioner's mind, but it would not be satisfactory in connection with the obligation cast upon Colonel Carnegie to see that the contract was properly entered into.

Sir WILLIAM MEREDITH: General Pease approved of the contract, we are told.

Mr. JOHNSTON: General Pease had not for a moment a personal interest in it, and it was not upon him to make terms.

Sir WILLIAM MEREDITH: Do you suppose he would have been there and not protest against it?

Mr. JOHNSTON: There is no evidence that he was there.

Mr. NESBITT: The evidence is that he dictated the memorandum.

Mr. HENDERSON: And he suggested the advance.

Mr. JOHNSTON: That is not the way I read it. That disposes of several matters.

One question more I ask the Commission to consider, and from this standpoint. A good deal has been said of course with reference to General Hughes and Colonel Allison. Eliminate the personality of Allison and his relationship to General Hughes in the way I have indicated. The position of General Hughes is somewhat peculiar. It is not a matter of whether he is a trustee in a sense for the War Office, whether he is an agent, or whether he is a high Canadian officer charged with certain duties in regard to his own country and its obligations.

He was, as far as the facts are concerned—and I shall ask what conclusion will be come to in regard to that—he was the trusted agent of the British War Office, beyond doubt. He was 3,000 miles away from the War Office; he was communicating with the War Office by cable, he knew that his friend Allison was adding a commission which increased the cost of the goods to the British people. He did not disclose the fact that there was a commission added in those purchases for the War Office. There was no explanation given why one million dollars was added, necessarily added, to the American Ammunition Company's contract. He knew there was a commission, because he had approved of it, because he had given his sanction to commission.

Sir WILLIAM MEREDITH: Does it at all follow that he knew or suspected that there would be a commission in this transaction? He has sworn he did not.

Mr. JOHNSTON: Let me explain what I mean. He knew the man Allison was entitled, as far as General Hughes was concerned to make his commission out of the other side if he wanted to.

Give a man of the stamp of Allison that power, controlling the whole situation, and it would be paying a poor compliment to General Hughes to say that he did not know of Allison making a commission.

Mr. NESBITT: Except his oath.

Mr. JOHNSTON: He may not have known, in that particular instance.

My learned friend seems to think it all depends upon the number of dollars a man makes out of the transaction. But it is the principle I am referring to.

Sir WILLIAM MEREDITH: May it not well be that General Hughes thought that all Allison was doing was trying to get the people to break prices, and that he was doing it without compensation?

Mr. JOHNSTON: I would think not, but of course it is not for me to determine.

Hon. Mr. DUFF: In regard to that, General Hughes' connection with it has struck me in this way, that it was quite reasonable to suppose that he should think that this special mission which Allison was being sent on would be regarded rather in the nature of a mission undertaken at his personal request, a matter personal to himself, and that he would assume there was no commission paid. If we had a little more accurately a history of the letters written by Allison, it undoubtedly would have helped us a little.

We have his statement (and unfortunately his statement is the only one we have) as to when copies of those letters were sent to General Hughes.

If that statement is true, he fenced a little about the question and did not want to answer it, and said that it was nobody's business.

He did say, answering a question I put to him, that shortly after they were written copies of them were sent to General Hughes.

General Hughes' position is, quite independent of the weight we have attached to it in the witness box, perfectly easy to understand.

Mr. JOHNSTON: All you have said would appeal to my mind, but for one circumstance. I am not dealing with the individual charge, I am not dealing with the individual commission, but I am dealing with the principle upon which the commission was got.

Hon. Mr. DUFF: You are dealing with the relationship.

Mr. JOHNSTON: Yes, I am dealing with the relationship. Having become possessed of full knowledge of what the commission was paying, General Hughes ratifies it, General Hughes approves of it, and General Hughes confirms it.

Hon. Mr. DUFF: The great element is, General Hughes himself. We cannot, in weighing up this whole matter, neglect General Hughes himself.

Sir WILLIAM MEREDITH: My idea would be that General Hughes would stand by the devil. I am not reflecting upon Allison at all, in making that statement. I do think that statements have been made by counsel in regard to Allison as to what sort of conclusion may be arrived at. He has been called all kinds of names, almost that he was not fit to be on the face of the earth. I think that is a very debatable question.

Mr. JOHNSTON: I think every man ought to be on the face of the earth and be given a chance of amendment at any rate.

Sir WILLIAM MEREDITH: I am going to put to you a question in regard to Allison at the close of your observations and you can answer it or not just as you please.

Mr. JOHNSTON: I am just about finishing. I have tried to make my argument as brief as possible without trespassing upon anybody's feelings. I have passed the age when I think there is any commission coming to me by fighting the court or fighting anybody else.

But bear in mind the fact that I am not saying anything against General Hughes personally. I am asking the question having regard to the high position he occupies, having regard to the principle as to commission which he seems to approve of and confirm through Allison, and having regard to the fact that he has not apparently the permission of the War Office, for whom he is really acting, to allow or to countenance commissions of any kind in dealings with Great Britain; having regard to that, and the high duty imposed upon him to his own country, Canada, is it a principle that can be approved of, or is it a principle that these gentlemen can lightly pass over and say "Well, it is General Hughes, we all know him and know his habits, his methods, and so on"?

I do submit, without expressing an opinion one way or the other, that while I feel that he has been guilty of a gross breach of duty, or whether I do not, is not the question. The question to be considered almost more than anything else in the whole case—because we have had the same kind of difficulties (perhaps that is not right) we have had difficulties arising out of similar transactions in South Africa, in India, and in the Crimean War—beginning there as a matter of history, the whole charge has been and the whole difficulty has arisen where men holding high contracts which involved commissions paid to various people when they ought not to have been paid.

Sir WILLIAM MEREDITH: I would like to ask a question on that branch of it, before I put the other question.

Is there any suggestion that Allison had or was expected to have anything to do with any contracts except those two shell contracts through the Shell Committee? Had he anything to do with contracts of the Shell Committee of any kind?

Mr. JOHNSTON: Three contracts. There is nothing that I recall to mind in the evidence.

Sir WILLIAM MEREDITH: Do you need to argue that General Hughes it to be blamed if he was of opinion that Allison, a broker engaged in this business was entitled, if he secured contracts with the British Government, to get from the persons with whom the contracts were entered into, a commission for his services, that he was wrong?

Mr. JOHNSTON: If you desire to know my own personal opinion, without reference to this case, I should say it is opening the door to all kinds and degrees of corruption in regard to War contracts, and which history tells us is the result of that kind of thing.

Sir WILLIAM MEREDITH: I cannot understand that plane of morals. A man is engaged as a broker. His business is to get contracts. War contracts come up. He procures contracts for a firm. That firm pays him a reasonable commission. I cannot understand, upon moral grounds or upon legal grounds, why that is wrong. Or course I am not talking about these two contracts now.

Mr. JOHNSTON: No. I am speaking about the principle.

Hon. Mr. DUFF: Is not the point in most of the suggestions that have been made in regard to Colonel Allison, that he was trading upon his known relations with General Hughes?

Mr. JOHNSTON: Yes, sir, selling his interests.

Hon. Mr. DUFF: I don't know that we have had any evidence of that here.

Sir WILLIAM MEREDITH: Of course this stands upon a different basis. There may be a difference between a moral view and a legal view as to his taking a commission in these particular transactions, in view of his relations with the Minister of War through General Hughes.

But it would be a strange thing to me if a man—leave Allison out of the question, and take John Smith for instance—engaged in this business is not entitled to get a commission which he earns in connection with his business about which I spoke a few minutes ago.

Hon. Mr. DUFF: You do not dispute that, do you?

Mr. JOHNSTON: That is another matter.

Sir WILLIAM MEREDITH: Mr. Carvell's argument was to the contrary, and there has been a great deal of discussion to the contrary.

Mr. JOHNSTON: Suppose I said to a friend of mine, here is a chance for you to make some money, go over and make contracts in the United States for fuses or whatever you wish, I will let you control the whole situation, I give you a month.

In a month out come large contracts upon which he will make a commission. I do that with a man who stands as close to me as Allison does to General Hughes. That is the gravamen of it. If you are dealing with a stranger in the market, that is another thing.

Sir WILLIAM MEREDITH: Some people seem to think that a broker, a Canadian broker is committing a crime if he takes a commission in connection with these matters.

Do Members of Parliament, do Judges give up their salaries, the means by which they live?

This kind of thing is carried altogether to too great an extreme.

Mr. JOHNSTON: Let me put it to yourselves personally. You are occupying a high position in the judiciary of Canada, a servant of the people, with duties to perform. You perform those duties, for which you are paid.

If you should go out and get contracts and charge a commission, what would be said about it?

Sir WILLIAM MEREDITH: That is a different thing altogether. I am talking of a man who is in the business.

Hon. Mr. DUFF: A good deal of criticism has been levelled against the persons who have come here, some of whom were obviously not brokers, some of whom were British subjects and not brokers, who seemed to find nothing better to care for than to go about seeing what money they could make.

Sir WILLIAM MEREDITH: I entirely agree with my brother Duff in what he has just said.

But I am not speaking of this particular transaction, I am speaking generally.

Mr. JOHNSTON: You may be quite right about that. You suggested some other question.

Sir WILLIAM MEREDITH: I think I have covered the ground already.

Mr. JOHNSTON: I wish to express my gratitude to the Commission for allowing me to say what I have had to say, and I cast upon the Commission the responsibility for the extra fifteen minutes I have taken.

Sir WILLIAM MEREDITH: Who next takes up the burden; is it you Mr. Nesbitt, or Mr. Ewart?

*Argument by Mr. Ewart:*

Mr. EWART: I suppose if I were to proceed quite logically I should commence with a statement of my view of the scope of the investigation.

Sir WILLIAM MEREDITH: Your contention, I presume.

Mr. EWART: I intend to take that up later on, sir.

I apologise for not taking it up in its logical order. But I excuse myself on the ground that I would like to dispose of a few of the points brought up by Mr. Carvell principally and partly by Mr. Johnston before proceeding to a discussion from my own point of view of the matters that have been debated at such length before the Commissioners.

This Commission I think will hold a record for a long time to come in this respect, that I do not imagine that a score or nearly so of lawyers were ever brought together, worked so hard for such a long period of time and did so little.

We have had a certain amount of evidence and discussion upon the subjects which have been sent to the Commission for investigation, and while every one tries to blame every one else, I think we all agree that by far the larger portion of the time has been spent upon mere side issues.

Hon. Mr. DUFF: Blame the Commission, and let it go at that.

Mr. EWART: I am not sure that that would be right. I am afraid the parties who have been trying to enlarge the scope of the Commission are the ones most to blame.

While I may say that, I think I can also safely say that although the alleged malefactors have gone on the witness stand and submitted themselves to examination and cross-examination, not a single question has been put by any of the prosecuting counsel upon the question which is the central and I think the only question that has been sent to the Commission.

Mr. Commissioner Duff pointed out at a somewhat early stage of the proceedings that we were in the position, the unfortunate and unusual position, of having to take the evidence first, and afterwards hear the charges made against us, and that seems to me to have made it much more incumbent upon the prosecuting counsel that they should have put to those who were charged with offences any suggestions they had to make of imperfections in their conduct.

They have not thought fit to do so; they have waited until the addresses were made and now that we have got there I think I can complain of this, that after all the charges

are not now specifically formulated. We can guess at them. We can imagine what Mr. Carvell was hitting at here and there. But upon the whole, although his address was a very able one, it was not specific upon the points upon which I was seeking information.

Mr. Carvell, however, has gone to a certain extent, and I think as a preliminary to what I shall say, that I had better remind the Commission of a couple of passages in his address at page 4340 of the temporary copy:—

No matter from what standpoint you view this, it comes back to the fact that Allison had to have that contract, because Allison and his friends had to have commissions; and I think I can go further and say that he had to have that contract on the instructions of Sir Sam Hughes because Sir Sam Hughes was determined that Allison should have commissions.

I want to discuss that phase of it now for one moment.

That seems to be specific enough, so far as Sir Sam Hughes is concerned.

He says they were his Committee, they were acting under his instructions, although I know in place he says "I did not go near them more than once or twice; I handed the business over to them," but he had sufficient influence over them to send them down to New York to Allison, and therefore there is no getting away from the fact that they were acting under his instructions to that extent.

Allison had to have that contract under instructions from Sir Sam Hughes, whether it is alleged that General Bertram knew about that, that he had received instructions, or the rest of the Committee, but there is no allegation further than an exculpation of General Bertram and a sort of indication that Colonel Carnegie is the real and the only culprit.

I can go further than I have gone in pointing out that no question was put to the witnesses, the alleged malefactor—I can go farther than that and say that no question was put to any witness which had for its object the elicitation or the elucidation of any charge that could be made against Sir Sam Hughes of the Shell Committee of personal impropriety.

Further I say this, that counsel in cross-examining Colonel Carnegie not only did not intimate that he was probing his mind for some confession of guilt, but went out of his way to declare that the Colonel was more suspicious of the counsel than the counsel of the Colonel, and the discussion proceeded between Mr. Johnson and Sir Sam Hughes on the basis of the most pleasant familiarity.

Mr. NESBITT: Personal admiration.

Mr. EWART: Yes, personal admiration. Those two Scotchmen exchanged compliments, showing their personal admiration for one another. Notwithstanding all that, Mr. Carvell, in a most impassioned address submitted to the Commission a great variety of matters, but, as I have said, it is difficult to get anything more specific than the particular charge which I have read.

He does say a lot of things about the side issues. But I am confining what I am saying to the only real charge, namely the culpability of General Hughes and the Shell Committee.

The reason for that is not particularly clear unless as I submit (and I think I am justified in submitting it) counsel did not wish to submit to palpable failure in the question they ought to have put it if they had in their minds any moral culpability. They did not choose to face what I say was almost certain failure in the answers they would get, and they preferred abstention from such questions, and I must say they preferred not to ask those questions, but to cover their retreat in a cloud of dust, in rather somewhat vociferous declarations, after the evidence was concluded.

Let me give one or two examples of the suspicions with which Mr. Carvell illustrated his address.

General Hughes was in New York on the 30th of April. Colonel Carnegie came there on the first of May for the purpose of examining into the capabilities of the

Harris-Patterson combination, and also of meeting Colonel Allison on the request of General Hughes with a view to breaking the prices that had been given to the committee.

That seems to be all innocent enough. But in Mr. Carvell's view of it, it is the first step towards the nefarious transaction in connection with the graze fuse contract, with what he speaks also of as the fleecing of the Empire.

The idea is that General Hughes went down a day ahead—Mr. Carvell points out that General Hughes preceded Colonel Carnegie, by one day to New York in order to see Allison.

What did he want to see Allison for? We get the suggestion that it was to prepare him to meet Colonel Carnegie, to make the arrangements, to propose to Colonel Carnegie this nefarious transaction by which Colonel Carnegie was to be induced to come in and agree to this large commission in favour of Allison.

I say that that all arises out of Mr. Carvell's imagination. The evidence of course is entirely contrary to that. But Mr. Carvell, in that magnificent way of his, shouting it out and slamming the table, says he does not care for the evidence, that anybody who has any sense knows that that was what these men were doing down there, and slamming the table he said that there was not a man in the Court room who did not agree with him. I thought he was referring to Mr. Markey when he was saying that, because I am quite sure that when Mr. Carvell returns to his senses and gets rid of this night-mare which is oppressing him (the fuse contract) he will see that other counsel, such as Mr. Johnston, Mr. Grant and Mr. Jacobs retained their sanity throughout the whole transaction—although I am not quite so sure about Mr. Markey.

Hon. Mr. DUFF: Now, Mr. Ewart, perhaps the word vociferous does not go too far, but Mr. Carvell did not devote his attention to personal remarks in regard to counsel on the other side; he made a fierce attack on General Hughes, but he did not suggest that any of you were insane—I am thinking of myself, not of Mr. Carvell.

Mr. MARKEY: I do not mind that at all.

Mr. CARVELL: And I am still alive, Mr. Commissioner.

Mr. EWART: There is nothing malicious in what I am saying, I submit.

Hon. Mr. DUFF: But it is not the sort of observation you would make in Court.

Mr. EWART: If this was a court, we would have been through long ago.

Mr. HELLMUTH: This is for the country.

Mr. HENDERSON: And a continuous performance.

Mr. EWART: Mr. Carvell intimates that something must have happened between the 21st and the 25th of May. He points to what he says is a wonderful discrepancy between the letters of the 21st and 25th of May which General Bertram sent to Mr. Bassick, and he sees there too some evidence of this graze fuse fraud; he sees in the language of the letter of the 25th of May a step in the carrying out of that mysterious transaction he sees that the graze fuse is concealed in the letter of the 25th of May.

I should like to point out how unfounded that suspicion is.

Mr. Carvell has overlooked that in the letter of the 25th of May, at page 82 of these proceedings there is this statement of General Bertram:—

We enclose herewith copy of contract form giving details upon which the orders for fuses are placed.

Mr. Carvell puts great stress upon the sentence which follows:—

We hope to forward to you full particulars of the design of the fuse upon receipt of a cable from the War Office on the subject.

Mr. Carvell calls attention sharply to the contract between that letter to the American Ammunition Company and the letter to the International Arms and Fuse Company of the same day, in which as he says there was nothing left uncertain about the kind of fuse, that there is something wrong in the American Ammunition Company's



letter, but nothing uncertain left in the other, or rather thinks that there is a chance for working in the graze fuse in the American Ammunition Company's letter but no chance of working it in on the International Arms and Fuse Company's letter.

It is quite true that in the International Arms and Fuse Company's letter the kinds of fuses are specified, No 80 modified, No. 80/44. But if the contract which was enclosed in the American Ammunition Company's letter is looked at, the matter is just as specific.

No doubt the letter says that they hoped to forward contract covering fuses of a certain design. But the contract which was enclosed in the letter shows that there was no departure in the American Ammunition Company's letter of the 21st of May.

Hon. Mr. DUFF: The letters of the 21st and 25th of May have to be read together, have they not?

Mr. EWART: Yes, sir. There is no possibility of working in graze fuses under the American Ammunition Company's letter any more than there is under the International Arms and Fuse Company's letter.

There is another point, but a very minor one. Mr. Carvell in the course of his denunciation of Colonel Carnegie tried to make out that Colonel Carnegie was stating what was absolutely untrue with reference to the graze fuse. His statement as to his understanding of the War Office cables in connection with the graze fuse was that Colonel Carnegie knew perfectly well that the British fuse number was No. 80, and that there was no other than No. 80, and when something else was spoken of than No. 80, for instance No. 100, he would know perfectly well that that would not be a time fuse.

Colonel Carnegie has been good enough to take a very hurried look at some of his records, in order to give me some of the numbers that are in use in the British Army.

Mr. CARVELL: Is there any evidence of this?

Mr. EWART: No more than that.

Mr. CARVELL: I was discussing the evidence.

Sir WILLIAM MEREDITH: It is the only one probably that was spoken of.

Hon. Mr. DUFF: Somebody who was giving evidence upon that (Mr. Gordon I think) said that either the No. 100 fuse was the only graze fuse known since the War, or that the No. 80 was the only British time shrapnel fuse known since the War. I rather think it was the No. 100.

Mr. EWART: He said the first of those, and I think he was wrong in saying that.

Hon. Mr. DUFF: The only graze fuse.

Mr. EWART: Yes, sir.

Hon. Mr. DUFF: Since the beginning of this War. That is what Gordon said, but Mr. Carvell limited it in that way.

Mr. EWART: The term "graze" is a generic term.

Hon. Mr. DUFF: Certainly.

Mr. EWART: In addition to the No. 80 time fuse, there are the following: Nos. 25, 54, 56, 60, 60c, 63, 64, 65, 80, 82, 83. Whether there are any others or not Colonel Carnegie did not say.

Mr. CARVELL: Are those not obsolete patterns, not in existence?

Mr. EWART: No.

Hon. Mr. DUFF: Are they used in connection with 18-pr. shrapnel shells?

Mr. CARVELL: I doubt it very much. They might be found on some of the old 9-pr. with the copper band.

Mr. EWART: He says that when Colonel Carnegie saw the No. 100 he must have known that it was not a time fuse, because the only time fuse was the No. 80.

Hon. Mr. DUFF: You must be fair to Mr. Carvell in that, because he was speaking of time fuses as referred to in the letter of the 17th of April, which referred to time fuses for 18-pr. shrapnel only.

Mr. CARVELL: That is the trouble with Mr. Ewart's client—he talks too much.

Sir WILLIAM MEREDITH: And he is not the only one, probably.

Mr. EWART: I was going to say that, sir, but I checked myself in time.

Sir WILLIAM MEREDITH: I am not suggesting any particular person, of course. I think we all do it.

Mr. EWART: There is another statement, or a series of statements made by Mr. Carvell that I would like to say a few words upon, and they are found at page No. 4383 of the temporary or typewritten copy:—

There is no use of him trying to cover it up. There is no use explaining something which cannot be explained; there is no use trying to get behind the fact that these gentlemen had determined that no fuses should be made in Canada.

If that includes General Hughes, Mr. Johnston has told us that General Hughes did all he could in order to persuade the Committee to manufacture in Canada.

We have that in the letter given to the American Ammunition Company on the 25th of May; the whole story is there, and it is found on page 82 of these proceedings:—

These men never intended that there should be a fuse manufactured in Canada.

As against that what I suggest is that there could be no reason in saying that they did not wish fuses to be made in Canada when they were engaged in getting all the work they possibly could for Canada other than fuses.

Mr. Carvell has not suggested why this Committee should have desired that fuses should not be made in Canada and yet that every other kind of ammunition should be made in Canada.

Mr. Carvell has overlooked the fact that the first efforts of this Committee were directed entirely to getting these shells made in Canada. The first negotiations of a serious character were those with Dr. Harris, and Dr. Harris was representing a Toronto Company, the Standard Asbestos Company. He did his best, first co-operating with Mr. Banfield, and afterwards with the Canadian Explosives Company; he did his very best to get the fuses made in Canada, and he found that was impossible, and it was only after that that he gave it up and went to the United States. He knows too that the General Electric—the letters are in—at pages 40 to 44—the most competent factory in Canada, through their president, Mr. Nicholls, indicated that the manufacture of fuses was something which they could not undertake at that time. Although they had Mr. Kirby there, they could not undertake it without sending some of their experts to England to get instructions in the matter.

My learned friend knows that Mr. Banfield was very anxious to take up the manufacture of fuses in Canada. He had a good factory in Canada which was largely idle at that time, and he would have been delighted to get work at that time, and he went to Montreal with Dr. Harris for the purpose of investigating the matter. He knows too that although he was anxious to get work, that he said that it was too complicated, and in his language, "that it was a good thing to leave alone."

Hon. Mr. DUFF: I would like to hear any suggestion, Mr. Ewart, that you have to make on the question—it is only a minor point, but I would like to hear why some effort was not made to get these gentlemen who now have charge of the British British American Munitions plant to take it up. The Northern Electric.

Mr. EWART: They were asked—

Hon. Mr. DUFF: Of course, I have that in mind, and I ask why an effort was not made, because my reading is that no effort whatever was made to get them to take it up.

Mr. EWART: After all the inquiries and after Mr. Harris' endeavours, the conclusion was come to and acceded to by everybody——

Hon. Mr. DUFF: By everybody?

Mr. EWART:—— that it was impracticable to manufacture in Canada. With reference to the Northern Electric——

Hon. Mr. DUFF: I am putting a specific question. I understand your general contention, but with regard to the Northern Electric what is the explanation? Why was it that Colonel Carnegie did not appreciate, seemed to be unable to appreciate the difficulty of Mr. Sise and Mr. Hathaway with regard to this kind of thing.

Mr. EWART: They had had no experience.

Hon. Mr. DUFF: They had as much as Cadwell had when he began to manufacture this fuse.

Mr. EWART: Well, they——

Hon. Mr. DUFF: Just a moment. I cannot speak if all the counsel go on talking. They had as much experience as Mr. Cadwell had when he began manufacturing the fuses under his contract in 1915. I am not imputing this to Colonel Carnegie with any blame at all, but can you suggest how it was that he utterly failed to appreciate the ability of these men?

Mr. EWART: For this reason, that when Mr. Cadwell commenced manufacturing for the British War Office he was not manufacturing the time fuse.

Hon. Mr. DUFF: I am speaking of graze fuses; you must take time fuses and graze fuses together.

Mr. EWART: I cannot take them together in argument, because we find that when it came down to the graze fuse a very sudden change had to be made, that the Committee was under obligation——

Hon. Mr. DUFF: I did not want to ask you to go into that, but that is not my point. I am not asking particularly with reference to the five million contract. Colonel Carnegie had in view the letting of contracts for the graze fuse; he did let five hundred thousand to the Russell Motor Car Company. The Northern Electric were anxious to get a contract for graze fuses, and what I want to know is what is the explanation of Colonel Carnegie's attitude. The negotiations began on the 11th of May when Mr. Hathaway had an interview with Colonel Carnegie, and he then produced a photograph of the drawing of the graze fuse. They continued on until July sometime when the Northern Electric made a tender at \$3.75. What is the explanation? How is it that Colonel Carnegie failed to appreciate the capacity of these men at that time and did not endeavour to enlist their services?

Sir WILLIAM MEREDITH: Is not that after?

Hon. Mr. DUFF: It began in May.

Sir WILLIAM MEREDITH: There was no real discussion in May.

Hon. Mr. DUFF: It is merely an incident, but it has been puzzling me very much.

Mr. EWART: I really think the explanation is this, that not until after the 25th of May was Colonel Carnegie looking for any contractor for graze fuses. He had let the whole five million fuses with his letters of the 21st.

Hon. Mr. DUFF: The letter of the 29th of May itself I think shows that he asked these gentlemen to give him a price on graze fuses in May.

Mr. EWART: Yes, sir, that is quite consistent. If I may be allowed, they were speaking of the fuses for the five million.

Hon. Mr. DUFF: I am not speaking of that. I am speaking of the matter in reference to Colonel Carnegie's evident failure to appreciate the ability of these gentlemen manufacturing in Canada. I thought perhaps that you could give me some hint or some reason why it was that these gentlemen, evidently of very high ability, did not impress him in the way that some of the American gentlemen did.

Mr. EWART: You are referring now to his conduct subsequent to the 25th of May.

Hon. Mr. DUFF: From the middle of May down to the time during the period that he was discussing this matter with Mr. Hathaway.

Mr. EWART: If we take it prior to the 25th of May, my answer is that he was not looking for graze fuses at that time. If we take it subsequent to the 25th of May, the point is that the whole five million is gone; and if what Mr. Commissioner Duff is referring to is not part of the five million order, but a subsequent order—

Hon. Mr. DUFF: Why did he ask for a price? Perhaps you will give me your attention and afterwards get your assistance from Mr. Stewart.

Why did he first get a tentative price and afterwards press for a quotation if he was not interested at all? He certainly was interested. However, Mr. Ewart, if you are not prepared to go into it—

Mr. EWART: I would like to go into it, I will get it.

Mr. STEWART: Page 59.

Hon. Mr. DUFF: He gets a cable on the 10th of May, and on the 11th of May Hathaway called on him and showed him this photograph, and that is the first representation that Colonel Carnegie had seen of the No. 100 fuse. In the meantime he communicated with Colonel Phipps and Major Lauder, and with the Morgans, and then there are some further communications, and there is a tentative price given I think on the 29th. But do not take up time with it if you have not had it in your mind.

Mr. EWART: I wish to, sir, but I had not had it in my mind. I would call your attention, sir, to the telegram of the Committee here of the 25th of May: "Regret we cannot quote for fuse 100 until we obtain specification. Trying to obtain it from Colonel Phipps." (Reading exhibit No. 73.)

With a view of answering a War Office cable of a previous date they were asking for quotations on No. 100 fuse separate from anything else. They did ask for that quotation, and the reason they did not go on was because they had no order for graze fuses at that time.

Hon. Mr. DUFF: Yes, that may be the explanation of it.

Mr. EWART: I think I had better finish what I had to say about the charge that we did not wish fuses to be made in Canada. When Mr. Carvell says "These gentlemen," it is difficult to know which one, or which two or three of them he is referring to.

As far as General Hughes is concerned, he wanted everything done in Canada that he could get done. It is out of the question to tell us why the four manufacturing members of the Committee did not want everything done in Canada that could be done. It seems to be altogether out of the question to say that Colonel Carnegie would rather go to the United States than to have it done in Canada if it could be done.

When it is suggested that \$22,000,000 were being spent in the United States, take Colonel Carnegie's statement, and it is concurred in by the other members of the Committee, that the fuses could not be made in Canada, the whole order for the completed shell amounting to \$90,000,000 could not have been taken.

Hon. Mr. DUFF: What do you mean by that?

Mr. EWART: Unless we could get fuses for these five million shells, we could not get the order for this five million shells.

Hon. Mr. DUFF: What has happened? The inference that I would draw is this, that not a single round of completed ammunition under that order has yet been shipped.

Mr. EWART: What has happened has been a great disappointment; but our justification for going on with that order for five million shells was the fact that we thought we could get the five million fuses. It would be utterly ridiculous to take an order for five million fuses, we would have had seventy million dollars' worth of stuff coming in, and could not get money, could not get anything.

Hon. Mr. DUFF: That is what did happen.

Mr. EWART: Yes.

Hon. Mr. DUFF: What I do not understand—it does not go to the heart of this matter at all—but what I do not understand is how it is or why it is that these gentlemen were so easily impressed by the representations made by the gentlemen in the United States, for example, the American Ammunition Co., with regard to fuses. Can it be argued that any Canadian Company could have made a worse fuse than the American Ammunition Company?

Mr. EWART: I do not know whether they could or not; undoubtedly they have failed, but everybody gives them credit for having done their very best.

Sir WILLIAM MEREDITH: Is not the evidence all one way, that the experts they had were competent men?

Mr. EWART: They not only had these competent men, they had unlimited capital. They have done every thing that capital could do, providing for buildings and machinery, in sending their component parts by express rather than by freight; there is not a thing that money could do that they have not done. But as to being easily impressed, Gladeck who was secured by the American Company came straight from the Frankford Arsenal, and brought in six foremen and they all went into the work. Shortly afterwards he got a hundred of the employees.

Hon. Mr. DUFF: It is very evident that the Imperial Munitions Board do not consider the making of time fuses an impossibility; it is very evident that it is not an impossibility.

Mr. EWART: No doubt.

Hon. Mr. DUFF: And the very high ability of these gentlemen has not produced any very satisfactory result.

Sir WILLIAM MEREDITH: The other is yet to be proved.

Mr. EWART: The time element in May, Mr. Commissioner Duff, was the great element, as you remember seeing in the letter to Mr. Bassick by General Bertram—to Mr. Harris, or Mr. Russell I think it is. Although they are not getting that order at that time, yet they looked forward to the time when time is not so urgent and then they will be able to give further orders. What are the probabilities as between the United States and Canada?

Hon. Mr. DUFF: You have Mr. Lyon Brown's statement that no sensible man would have supposed that time fuses could be made within the time in that contract.

Sir WILLIAM MEREDITH: Is not the answer that they had hoped to get them as quickly as possible. The thing to get them going.

Mr. EWART: Then, we have Mr. Kirby, who says it could have been done in three months.

Hon. Mr. DUFF: He may have been able to get them going better than anybody. I have not any doubt that Colonel Carnegie with his experience would be very much impressed with the importance of having arsenal men, and probably he had not a

great deal of confidence in anybody who was not an arsenal man. When you consider the effect of training in particular places, it strikes me as a very natural attitude, and I can understand quite well his feeling of confidence in the men who had been drilled and trained at the Frankford Arsenal.

Mr. EWART: I have been covering a good deal of ground that I did not intend to speak of. What I want to refer to now is my conception of the scope of the Commission's duties.

I have read carefully the speeches in Parliament, and I have reduced a certain number of charges, and when I speak of the word charges, I do not distinguish as Mr. Carvell very properly distinguishes, between the Parliamentary sense and the other sense. I have a list of ten charges, very largely composed of the language of different members of the Opposition. It seems to me that it was in view of those statements that this Commission was issued, not necessarily to investigate the proof of each one of those—in fact I will have to indicate that that is not my idea—but it was in view of the statements, and certainly in view of some of the more important of them that this Commission was issued.

Now, I wish to read the Commission these extracts—in fact they are somewhat more than extracts.

Sir WILLIAM MEREDITH: Would it be convenient to indicate what has been advanced by Mr. Carvell upon which he seeks a finding that is without the scope of the Commission?

Mr. EWART: I will make that very clear if I may reserve what I have to say until I have read this.

First, "that the Committee paid to the American Ammunition Company on one order \$4.50 per fuse, and on a second order \$4.00 per fuse; and that about the same time the Committee gave an order to the International Arms and Fuse Company for 833,333 shells, and a second order for 1,666,000, 'but instead of paying \$4.50 on the first order and \$4.00 on the second, as they did in the case of the American Ammunition Company, they paid \$4.50 on the whole transaction, lock, stock and barrel. These two million five hundred thousand fuses will, therefore, cost this country nearly a million dollars more than the two million five hundred thousand bought from the American Ammunition Co.'"

That is, making a charge in respect to the International Company as against the American Ammunition Co.

Second: "That Colonel Carnegie was, with Colonel Allison, 'consorting,' with the United States contractors—

Hon. Mr. DUFF: Who made that statement?

Mr. EWART: Mr. Carvell.

Mr. CARVELL: I made it away back in January before Sir Wilfrid Laurier's motion at all.

Mr. EWART: It works down to this date.

"That Colonel Carnegie was, with Colonel Allison, 'consorting' with the United States contractors, and that they went to the United States, 'representing the Shell Committee' and made (what is termed) 'the nefarious transactions' with the United States firms."

Mr. CARVELL: Would you mind reading Colonel Carnegie's letter to the Premier, where he says that is a lie. I would like to have that in evidence. If you are going to read all that, I would like to have some more put in.

Sir WILLIAM MEREDITH: Let us get on.

Mr. CARVELL: If he is going back to everything that took place in Parliament, I am going back to—another evidence that this man talks too much.

Mr. EWART: Three: "That the two United States companies 'sublet the contracts to other contracting firms, of which J. Wesley Allison is a member, at prices which will net millions and millions to them,' and that the firms 'simply sublet the

contracts to the friends and confreres of J. Wesley Allison, and I do not think, Sir, you would have to make half a dozen guesses in order to name his principal confrere.'” Meaning, as I understand, the Minister of Militia. Mr. Carvell made that statement, which was afterwards endorsed by Mr. Kyte in his speech.

Four: “That the Shell Committee neglected and delayed for an undue period of time to provide the fuses necessary to render the shells effective, and, failing to endeavour to provide for their construction in Canada, as they might have done, proceeded to give and award, through J. Wesley Allison in the United States, contracts for fuses amounting to \$22,000,000, on which they made an advance of \$3,750,000.”

Five: “That the making of the said contracts through said Allison was unwise and improvident and was entered into with the knowledge and connivance of the Minister of Militia.”

That was in the speech of Mr. Pugsley, and in that speech Mr. Pugsley couched his charges in parliamentary fashion.

Hon. Mr. DUFF: You do not suggest that the inquiry was granted on that speech?

Mr. EWART: No. I put this in so as to be fair, in order to show what all the charges were.

Six: “That the effect of the agreement with each of the United States companies was, ‘That over a million dollars was to be advanced to them the moment this agreement was signed.’”

Seven: “That immediately each of the United States companies received the million dollars from the Shell Committee, Yoakum, Cadwell and Bassick ‘immediately proceeded to divide it.’”

Eight: “That the form of the contract was so favourable to the companies that if, upon default by the companies, the Shell Committee cancelled the contracts, it lost the amount of the advances—that all the Shell Committee could do was to accept delivery when it suited the company to make it, or they would lose all the money advanced to the company; and all they could do was to plead with the company to make deliveries.”

Hon. Mr. DUFF: That would all indicate that the charge was a charge of improvidence.

Mr. EWART: No, this is the form of the contract.

Hon. Mr. DUFF: An improvident form of contract. Are you going to suggest that that is the sort of thing to be investigated here?

Mr. EWART: No, I am not.

Hon. Mr. DUFF: I cannot understand the relevancy of reading these speeches except that of Mr. Kyte.

Mr. EWART: It is necessary to do that in order to understand Mr. Kyte’s speech.

Hon. Mr. DUFF: I do not think so.

Mr. EWART: Let me say this too; if you will only take Mr. Kyte’s speech you will not find in that the statement which is in the Commission under which you are acting: “It is alleged that Mr. J. Wesley Allison had a very large interest in those profits or commissions, and it is suggested that through his influence with the Minister of Militia the Shell Committee were induced to make the contracts in question.”

Hon. Mr. DUFF: We have it there, and surely the language is plain. It does not require other documents to interpret that language.

Mr. EWART: No doubt, but what I suggest is that we must go outside of Mr. Kyte’s speech for the situation at that time, that is during Sir Wilfrid Laurier’s speech.

Nine: “That the Shell Committee ‘made contracts with middlemen, with mushroom companies, which divided up not only the profits but the advances that had been made to them by the Shell Committee.’”

Ten: "That 'there is no possibility of explaining these contracts unless the explanation is that the Chairman of the Shell Committee was under the spell of a 'superior influence.'"

Eleven: "That the Government of Canada undertook to supply the Imperial authorities with ammunition; that the Minister of Militia was entrusted with the task, and that he called to his aid a committee known as the Shell Committee, whose especial duty it was 'to provide for the prompt manufacture and the prompt delivery of munitions of war'; that the Committee was derelict in its duty in not sooner providing shells; that the committee 'was grinding out shrapnels by the millions—yes, by the five, six, and seven millions—grinding out high explosives by the million, grinding out 4.5 shells by the million, and making no attempt to get fuses'; that 'they dilly-dallied and fooled away time—what for?—in order that my honourable friend's friend, Colonel Allison, of New York, might be able to make his arrangements—get his combinations together, his sub-contractors together, and arrange this rake-off; that, 'owing to dereliction of duty on the part of the Shell Committee time has been lost, and owing to the time that was lost, battles have been lost, thousands of lives have been sacrificed, victories have not been carried to a final issue, the enemy has not been pursued as he retreated, and the war has thus been prolonged.'"

Now, with reference to the scope of the Commission I think it is put very clearly and very accurately in Sir Sam Hughes' statement at page 1201, and it is upon considerations such as he refers to there that it must be determined what the duty of the Commissioners is under this Commission.

He says: "I am not accountable to the House of Commons for the expenditures of the Committee—the money was not voted by the Canadian Parliament; and the Public Accounts Committee has not thought it had any right to investigate the manner of its disbursement. The money was provided by the British Parliament. Nevertheless I am responsible to public opinion in Canada for the integrity and purity of my conduct, whether in connection with the discharge of the duties of a public character or in the course of dealing with my fellow citizens. It is for that reason, as I understand it, that the present investigation has been ordered."

That seems to me to indicate what you have to inquire into. This is not an investigation by way of accounting for the money of the people of Canada; it is not an audit of the accounts of anybody that is responsible to Canada; it is not an inquiry as to whether or not British Government money was wisely or unwisely spent.

It is impossible to think that the Canadian Parliament or the Canadian Government would direct an inquiry into the wisdom or unwisdom of an expenditure of British money; but it is proper that an inquiry should be made into the conduct of General Hughes, who is a member of the Administration, in order to see whether he is worthy to hold the position with which the people of Canada have entrusted him.

Supposing the Canadian Car and Foundry Company had contracts with the Russian Government, were agents for the Russian Government, and there were allegations made in Parliament of the misappropriation of the Russian Government's money, people might ask to all eternity that the Canadian Government should issue a Commission to investigate that. But if there was an allegation that one of the Ministers of the Crown had so conducted himself as to make him unworthy of his position in the Ministry, that would be a reason, and that only.

Now, that is the reason for this Commission, and that that is the scope of this Commission, I think appears very clearly from the Commission itself, and also from the speeches of Sir Robert Borden and the speech of Sir Thomas White to which I will ask leave to make reference in a few moments. This is an extract that I am reading on page 4 from Sir Robert Borden's speech, in which he was saying that the Shell Committee accounts were not a proper subject of investigation; but he goes on in this way, "But there is something else to be said, and I repeat that, if my right hon. friend, or any of his followers, has any charge to make against a member



of the Government in regard to any of these matters, let him make that charge in distinct and understandable terms, and he will have the investigation so soon as he desires."

He followed that up in this way:—

"So far as our own affairs are concerned, so far as the actions of the members of the Government are concerned, these stand upon a different basis, and as to these I shall be prompt to accept any challenge that my right hon. friend or any of his followers may see fit to make in this House."

Then in his cable to Sir George Perley on the next page, he refers to Allison's relations to the Minister being so close as to make it necessary that there should be an investigation. On that point I also wish to refer to what was said by Sir Wilfrid Laurier and what was said by Sir Thomas White, as making very clear the reasons for the issue of this Commission.

Sir Wilfrid Laurier on the 4th of April indicated that the reason for the limitation of the inquiry was unjustifiable, because, as he argued, if a public body has been found to be guilty in respect of two transactions, then all the transactions of that body ought to be investigated.

Sir Thomas White puts the matter in this way:

"The point which I desire to make is that the name of Allison is associated and connected by my honourable friend from Richmond with these four contracts and with no others, so far as I am aware. At all events, I did not understand him to suggest that in connection with any other contracts made by the Shell Committee any commission had been divided in which Colonel Allison participated.

"In his argument, my hon. friend from Richmond referred to a close relationship which he alleged existed between the Minister of Militia and Colonel Allison, and he suggested by implication that, through the influence of the Minister of Militia, Colonel Allison had been able to obtain commissions upon the contracts in question.

"The Order in Council is referring to the four contracts with which the hon. member for Richmond associates the name of Colonel Wesley Allison."

Then Sir Wilfrid Laurier interjected "They can investigate fuses, but not shells." Then Sir Thomas White goes on:

"My right hon. friend is still unwilling to make the distinction I made some time ago. A suggestion involving a standing of a Minister is one thing, and an investigation of the Shell Committee is another and very different thing. I say that for the administration of the Shell Committee we are not responsible. But the Government would be responsible if it allowed suggestions, accusations or charges to be made against a Minister without taking effectual steps to enable them to be either proved or disproved."

Hon. Mr. DUFF: Your suggestion is that we are not concerned with the Shell Committee, except to the extent to which General Hughes may be connected with its transactions.

Mr. EWART: Yes, sir.

Hon. Mr. DUFF: I would be very glad if you could convince me of that, it would simplify matters very much. Nobody would be better pleased than I. The difficulty that strikes me is that one really has to interpret the Commission by the memorandum to Council upon which the Order was based. You can look at speeches, but they are hardly conclusive.

Mr. EWART: It seems to me impossible that the Commission should be intended to investigate anything else. Why should they investigate the doings of the Committee with which the people of Canada have nothing to do, dealing with money which the people of Canada do not own—they might as well investigate the Russian contracts.

Now, I do not know whether I am quite in order in this, but I should like to do it; I will confine myself to Mr. Kyte's speech. It was just, I think, the day after this

speech that Sir Robert Borden spoke about the issue of the Commission, and I should like to point out the grave misapprehension which he and everybody else was under because of the reference made in this speech.

Mr. CARVELL: Misapprehension of Sir Robert Borden?

Mr. EWART: Yes, and everybody else. I confess that I was utterly carried off my feet with the allegations, and sometimes the omissions of that speech. The impression he made was no doubt, an immensely strong impression, and I want to point out now how by misrepresentation and by the concealment of information which Mr. Kyte then had in his possession, he created that impression and succeeded in getting this Commission issued.

Hon. Mr. DUFF: Do you think we have anything to do with that here? What have we to do with Mr. Kyte's speech? We are not investigating Mr. Kyte surely.

Mr. EWART: Well, Mr. Carvell asked you, sirs, that you would pass a ruling upon Mr. Kyte's speech.

Mr. CARVELL: I beg pardon, you will fail to find that on the records.

Hon. Mr. DUFF: For my part I should not care whether Mr. Carvell asked it or not.

Sir WILLIAM MEREDITH: Mr. Carvell's statement was that every statement made by Mr. Kyte had been proved to be true.

Mr. CARVELL: As set forth by Sir Robert Borden on pages 4 and 5 of the record. I was reading from Sir Robert's telegram to General Hughes.

Hon. Mr. DUFF: If you say these things are subject matter for investigation, of course—

Mr. EWART: I ask the Commission to make a finding upon the conduct of the Shell Committee as a whole and upon the statements made by Mr. Kyte.

Hon. Mr. DUFF: Do you want us to take Mr. Kyte's speech as the thing to be investigated, and substitute that for the Commission and the memorandum to Council upon which the Commission is founded?

Mr. EWART: What I would like to point out is that Mr. Kyte in reading these contracts deliberately left out the guarantee clause.

Hon. Mr. DUFF: What have we to do with it?

Mr. CARVELL: Let me say that is not true, if you will pardon me, the matter was brought up by Sir Thomas White, and I myself pointed out the fact that there was a guarantee clause; I went across the House and pointed it out to Sir Thomas White.

Hon. Mr. DUFF: You see the difficulty you get yourself into, Mr. Ewart.

Mr. EWART: I have the record here. Sir Thomas White asked him, "My hon. friend mentioned the guarantee clause"—

Mr. CARVELL: Mentioned it—

Mr. EWART: That is, he referred to it. "—will he please read the guarantee provision of the contract if there is one." That is the clause.

Hon. Mr. DUFF: If you will admit that you are not addressing this to me, but to the newspapers, I will go to sleep, and you can go on.

Mr. CARVELL: I personally crossed over the floor of the House and pointed out the guarantee clause to Sir Thomas White.

Mr. EWART: It did not go out to the public, I know that.

Sir WILLIAM MEREDITH: Is there not this point of view, Mr. Ewart, that this Commission is to report the facts and not express any opinion upon matters of policy, obtain what the facts are—

Mr. EWART: And express an opinion on the facts.

Sir WILLIAM MEREDITH: But express no opinion on matters of policy.

Mr. EWART: Oh no, I suppose not.

Mr. HELLMUTH: Would you permit me to say a word in regard to that view, not now, but later.

Mr. EWART: Certainly, now if you like.

Mr. HELLMUTH: No, I did not want to go into it now.

Mr. EWART: With reference to the status—

Hon. Mr. DUFF: I would like anybody to give me any assistance that he can to convince me that Mr. Ewart is right as to the scope of the Commission.

Mr. EWART: I have said all that I can.

Hon. Mr. DUFF: Perhaps the others may have something to say.

Mr. EWART: Yes, I hope they will.

As to the status of the Committee, Mr. Carvell suggested that they must impale themselves either upon one horn of the dilemma or the other. I think the distinction is very clear. Technically, as a matter of law, I suppose they had signed the contracts as contractors; but on the other hand, they had never intended to take any of the profits, and it was not their intention to stand for the loss. I think a great deal of the difficulty would have been obviated but for having a lawyer at the time when the first contract was drawn on the 1st of October. General Smith went down to attend to that matter, and when he got there he found that the intention was to prepare a contract between the Shell Committee and the Minister of Militia representing the Secretary of State for War.

Hon. Mr. DUFF: What was wrong in what General Smith did.

Mr. EWART: Nothing at all.

Hon. Mr. DUFF: He drew contracts between the Minister of Militia and these four individuals.

Mr. EWART: The point is rather this; if the Shell Committee's idea had been carried out and the matter not put in legal form, there would have been less difficulty about the situation now.

Hon. Mr. DUFF: Do not you think the whole difficulty arises out of that by reason of the talk of a contract between General Hughes and the Shell Committee? It is a contract between General Hughes and four gentlemen as individuals.

Mr. EWART: That is where the difficulty arose. The Shell Committee, General Bertram and the others, intended to have it drawn between the Shell Committee and the Minister. General Smith said, "That won't do from a legal standpoint, from a standpoint of law." So it was he who put in those four gentlemen instead of the Shell Committee. Of course, if he had left it as the Shell Committee it would have been wrong from a legal point of view, but there would not have been so much difficulty as to what their status was. It would have been clear that the Shell Committee as a Shell Committee, either incorporated or as individuals, was intended to be a contractor with the Minister of Munitions; but when General Smith strikes that out and puts in the four individuals, the form of the contract does arise; and as you have said, so much misapprehension has arisen because of the contract being spoken of as one between the Shell Committee. That is where the difficulty arose.

However, as General Hughes said in his statement, no trouble has arisen and no trouble is going to, and I do not think they need now trouble very much about it. There is no horn to impale themselves on.

Now, I wish to say a few words with reference to the different companies in the United States. First, the Recording and Computing Company. Mr. Carvell seems to complain that the contract was not given to those people. He says that they were dismissed with a wave of the hand and got rid of summarily in that way. He does that with the purpose of showing that there was then an intention to give this

contract to the American Ammunition Company in order that Allison might get his commission out of it. I would not bother with the other companies at all but for the suggestion that we threw these people aside in order that the "nefarious" transaction might be carried out.

Sir WILLIAM MEREDITH: Does not that prove too much? Why was the contract made with the International? It is not suggested that there was any impropriety in regard to that.

Mr. EWART: None whatever.

Sir WILLIAM MEREDITH: If that line of argument is adopted, it means that both the International and the American contracts were entered into in order to carry out some improper purpose on the part of somebody.

Mr. EWART: Yes, sir. If the idea was to give Allison a large commission, the whole contract for the five million would have been given to the American. As a matter of fact three million was given to them originally.

Mr. HELLMUTH: Just let me interrupt. In the speeches in Parliament practically no distinction was drawn between the culpability of letting to the International or the American.

Hon. Mr. DUFF: Mr. Carvell has explained.

Mr. HELLMUTH: I know, there is quite a distinction now.

Sir WILLIAM MEREDITH: I think it has a very important bearing on the inquiry that one of the American companies with whom a contract was made is not attacked at all.

Mr. EWART: I think so, sir. In the House Mr. Carvell thought it was the International that got the best contract. Now it turns out—

Mr. CARVELL: I had no knowledge of this cheap graze fuse at that time.

Mr. EWART: And he indicates that these people, the Recording and Computing Company were got rid of in order that the American Ammunition Company might get this contract, and Allison get the commission.

It has occurred to me to wonder what the charge would be against us if we had given the Recording and Computing Company a contract upon the same terms as the Canadian Car and Foundry Company, and why the Canada Car and Foundry Company went to the United States instead of giving their orders for fuses in Canada or doing it themselves.

Sir WILLIAM MEREDITH: Colonel Mackie gave the reason.

Mr. EWART: The reason was that they could not get them.

Sir WILLIAM MEREDITH: They could not get them made in large quantities with sufficient rapidity.

Mr. EWART: They did exactly what we did, but they were much more unfortunate than we were, and did not act with as much wisdom. They went in with a man who was in financial difficulties and got deeper and deeper into his difficulties until three million dollars or more was advanced. The contract was put in this morning by Mr. Hellmuth—each contract indicating that they were further in difficulties than before, and finally they had to hand over almost all of the 2,000 shares to the Canada Car and Foundry Company as security for the performance of this contract. In that there would have been the same charge against us about commission. Sir Courtenay Bennett introduced Dowler; Dowler introduced Ryan; Ryan introduced Ohmer to us, and Ryan would have got a commission from Ohmer. In the same way, Allison's name is in it. That surely would have been enough in Mr. Carvell's view to condemn the whole transaction, Allison getting a commission in respect of that contract. Then there are the difficulties that we would have got into, a great deal worse result happened there than here.

May I point out, that whatever may have been thought by anybody of Mr. Allison's moral character, we have nothing to do with it here.

Mr. CARVELL: We have not attacked it.

Sir WILLIAM MEREDITH: Mr. Carvell has only attacked his religious character; it must be that if it is not his moral character.

Mr. EWART: I am quite willing to let Colonel Allison and Mr. Carvell fight it out.

Mr. CARVELL: I do not know that my friend is justified in saying that I have attacked Colonel Allison's moral character. I have not done so.

Mr. EWART: I did not say so.

Sir WILLIAM MEREDITH: You do not express your approval of it.

Mr. CARVELL: I have discussed this matter from the standpoint of the evidence alone.

Mr. EWART: My friend is quite mistaken.

Hon. Mr. DUFF: The term "moral character," after all is a rather ambiguous expression.

Mr. EWART: I was eliminating that.

Hon. Mr. DUFF: Strictly, that includes all the ethical elements of his character.

Mr. EWART: I was saying that no matter what one's opinion may be of Colonel Allison's moral character, there is no manner of doubt that he had a great hold upon the munitions business. That is shown by the fact that Mr. Yoakum thought it advisable to pay him as large a sum as \$20,000 in order to get in with him. Colonel Allison had been in Europe, visiting different countries there; his agent Colonel Mackie had visited Russia and came back with a very large contract. He had established connections and associations that appeared to be valuable, and Mr. Yoakum actually paid him \$20,000 for association with him. Russell and Harris went to Allison when they wanted to deal in machine guns; he was the man to go to.

Sir WILLIAM MEREDITH: Machine guns for what purpose?

Mr. EWART: For this Government I think, I do not know that—that is, operating through this Government.

Mr. CARVELL: The evidence is silent as to that. It was for Colts.

Mr. NESBITT: For Eaton's Motors and others.

Mr. EWART: Allison was the man to go to. It was said at one time that he had control of the output of the Colt Manufacturing Company. Perhaps that is going a little far.

Mr. NESBITT: He had the exclusive agency.

Hon. Mr. DUFF: It was Mr. Lloyd Harris or Mr. Russell I think who said he understood that Colonel Allison had the control of the Colts.

Mr. EWART: Yes.

Mr. NESBITT: The exclusive selling agency.

Mr. EWART: So, there is no doubt that Colonel Allison was especially qualified to put people in touch with the manufacture of munitions, and if he was a good man for Russell to go to, or a good man for Yoakum to go to in that, wasn't he the very best man General Hughes could send Colonel Carnegie to when his object was to bring down the price of the International company?

Then, a few words with reference to the Artillery Fuse Company. Mr. Carvell says that they too were dismissed with a wave of the hand.

Sir WILLIAM MEREDITH: Is that Fenn?

Mr. EWART: Yes, sir, Fenn was the manager, and there is a good deal of correspondence put in between Mr. Bristol and General Bertram. That is the same transaction, the Fenn proposal. That is General Drain's company, and General Drain you

will remember was one of those that General Hughes was to join in a commission for the purpose of handling the whole matter in the United States. Now, the evidence is that on the 1st of May Colonel Carnegie had visited that plant. And he was asked \$4.60 for the complete fuse and \$2.50 for the loading alone. Colonel Carnegie says that the Fenn proposal was not equal to the Harris proposal; the Harris and Patterson proposal. They had one expert as against four or five experts, so with the exception of some correspondence which follows at later dates, that ended the negotiations with the Fenn people, and ended them for two reasons. In the first place, their price was higher than Harris' price, and in the second place they were not sufficiently equipped. You will remember, that Mr. Patterson was one of those who, with Colonel Birnie and Colonel Carnegie, inspected this plant and he said he was not satisfied with it. He says, to be fair to them, that they are doing better work now, but at that time he was not satisfied.

Hon. Mr. DUFF: Is it graze fuses or time fuses that they are manufacturing now? I do not know that it is of particular importance.

Mr. HELLMUTH: Time, I think.

Hon. Mr. DUFF: There is something in the evidence about it, but I dismissed it as not being very material.

Mr. EWART: Now, I pass on to a few words with reference to the International company, and you will remember that the original company—

Sir WILLIAM MEREDITH: If you are beginning another speech, it is now within a few minutes of one o'clock.

Mr. EWART: Very well.

The Commission adjourned at 1 o'clock until 2.30 p.m.

#### AFTERNOON SESSION.

The Commission resumed at 2.30 p.m., June 8, 1916.

Mr. HELLMUTH: Before Mr. Ewart resumes his argument I have handed me now, and I have pinned them together—they were not handed to me in that shape—statements from the Bankers Trust Co. in New York showing the deposit in Miss Edwards' account of \$16,809.02 with a cheque for \$16,000 out of it, leaving on May 31st a balance there of \$809.02. I have also the cheque which was the cheque for \$16,000 given by Miss G. Edwards, and drawn on the Bankers Trust Company in favour of the National Bank of Ogdensburg, dated May 15th 1916. And then a letter from the President of the National Bank of Ogdensburg dated June 6, 1916:—

Miss Mabel G. Edwards,  
Morrisburg, Ont.

Dear Miss Edwards:

I hereby notify you that your check for \$16,000 on the Bankers Trust Company in New York has been paid and the proceeds placed to the credit of your personal account here.

Very truly yours,

R. J. DONOHUE,

*President.*

(Part of Exhibit 352.)

Having received that, I did not think it was sufficient, because of course it might have been drawn since that; and I have now a further letter from the President of the National Bank of Ogdensburg addressed to Mr. Henderson as follows:

OGDENSBURG, N.Y., June 7, 1916.

George F. Henderson, Esq.,  
Ottawa, Ont.

DEAR SIR,—The deposit of Sixteen thousand dollars, (\$16,000.00) regarding which we wrote Miss Mabel G. Edwards yesterday is still with us.

No part of it has been withdrawn from the Bank.

Very truly yours,

R. J. DONOHUE,

*President.*

*The National Bank of Ogdensburg.*

(Part of Exhibit 352).

(Two statements of the Bankers Trust Co., New York to Miss M. G. Edwards, one dated April 1916, showing balance to credit of Miss Edwards' account 31st March, 1916, \$16,809.02, and on the 29th April, 1916, the same balance; the second statement dated May, 1916, showing balance to credit of the account on the 29th April, 1916, \$16,809.02, and showing withdrawal by cheque on the 16th May, \$16,000, leaving a balance, 31st May, 1916, of \$809.02. Also cheque on the Bankers Trust Co., New York, May 15, 1916, payable to the order of the National Bank of Ogdensburg, \$16,000, signed M. G. Edwards, with the bank perforated stamp "Paid", and on the back the stamp "Received payment through New York Clearing House May 16, 1916, the American Exchange National Bank New York.

Also the two letters above quoted of June 6, and June 7, from R. J. Donohue to Mabel G. Edwards and G. F. Henderson, respectively—all marked as (Exhibit No. 352.)

Mr. EWART: (Continuing argument). With reference to the International Company concern I have just one point to make. It will be remembered that an offer was made by the Harris-Patterson combination on the 26th April of \$4.50, but it must not be assumed, I think, that that offer was one which the Shell Committee could count upon under all circumstances. It was one which might be withdrawn; there was no contract on the 26th; it was an offer.

Hon. Mr. DUFF: Dr. Harris said that they were prepared to go on at that figure.

Mr. EWART: That is the evidence.

Hon. Mr. DUFF: That is practically as far as it goes.

Mr. EWART: Yes. That was based upon what they believed to be an understanding with the DuPont Powder Co., under which the DuPont Powder Co. were to do the loading and the Harris-Patterson combination were to use the concerns with which they had formed associations to do the mechanical parts. They found that DuPont failed them. When they had indicated to Colonel Carnegie that DuPont was to do that, Colonel Carnegie went to the DuPont plant to see what their capacity was before making any arrangement with them. Patterson tried to intercept them, as you may remember, in New York, but failed; and Colonel Carnegie went straight through to the DuPont plant at Wilmington, and there found that there was no such arrangement at all. He went back to New York and there he saw Patterson. Patterson of course was very much distressed that Colonel Carnegie should have been sent on such a fool errand as that and so expressed himself; and Mr. Patterson tells us in his evidence what happened. I

think it bears upon the benefit of the introduction upon the scene of the Cadwell combination; if they had not been there we had no assurance that this \$4.50 that was spoken of on the 26th April, would have been the final price. On the contrary Colonel Birnie had advised them they could not be delivered, and Sir Sam Hughes, even though told there was no other evidence which sustained him upon that, was quite sure that Colonel Birnie told him up here that they were thinking of putting the price back to \$4.90. I wish to quote from Patterson's evidence as to what happened on Patterson's return to New York; getting there on the 28th; he found the DuPont Company had left word for him "in a most casual way that they could not carry out the loading of these fuses, they had more business than they could look after, and that it was a very difficult operation, and that they did not care to fool with it". Patterson at once saw the difficulty he was in. He had made this offer based upon the idea of getting the loading done some place else, just as Russell had in his first plan the idea of supplying the parts himself, or through others for a time, and getting the loading done elsewhere. Patterson found that DuPont had failed him. He went over to the same old Artillery Fuse Co. They required \$2.50 for the loading. Patterson was not satisfied with either their capacity or their price, and he said, "We were more or less panic stricken, because the parts would cost us at least \$2.50, and if the loading and assembling should cost \$2.50 I hoped the Shell Committee would not accept our offer before we could look further into the matter." That is at page 512.

Now I pass from that at present to a cable, I do not know if that is in the Commissioner's mind, a cable from Col. Carnegie of the 1st May, showing the position that his discovery at DuPont's had placed him, and how uncertain the whole situation was at that time. At page 54:—

Reference recent contract with Shell Committee for shells and fuses. Regret that company who undertook to load fuses now declines to work to specifications. Recommend now accept instead No. 85 fuse same as American Locomotive Co. has undertaken to supply you. Cannot find any company now willing to load 80 fuses without English expert assistance.

So there he was all in trouble, and there the Harris-Patterson combination seemed to have fallen to the ground.

Hon. Mr. DUFF: Are you going to comment on the answer to that cable at all?

Mr. EWART: No, I have not thought of doing so.

Mr. NESBITT: What was the answer?

Hon. Mr. DUFF: Don't you trouble about it, Mr. Ewart; Mr. Nesbitt will perhaps say anything there is to be said about it afterwards. It was not dealt with in the evidence at all as far as I know. The War Office were prepared evidently to accept the 85 on the condition that a certain mark of shell—

Mr. EWART: Yes sir, it is at page 58 of the evidence, "Referring to telegram May 2," that is the time they received it: "Shell Committee No. 85 fuse. Will accept (providing that?)"—I think that has been put in in deciding—"Mark VI shell supplied." That would not suit the arrangements.

Hon. Mr. DUFF: We have not any evidence to show whether arrangements had been made for the production of shells for the purpose of filling the five million contract at that time.

Mr. EWART: I should assume so, sir. The evidence seems to indicate that they were very apprehensive they would not get the fuses.

Hon. Mr. DUFF: It may not have any bearing ultimately, but the bearing of it upon one of the points being made perhaps is this: it is very strongly suggested that it was necessary to get these fuses in order to carry out this contract. Are we to assume that they had let the contracts for the shells between the 17th April and what is the date of that answer?



Sir WILLIAM MEREDITH: 2nd May.

Hon. Mr. DUFF: Between the 17th April or rather the 26th April, because that was the date when Colonel Carnegie first saw that, and the 2nd May, are we to assume that those arrangements had been made, and the mark of shell was absolutely fixed or settled on? We have not any evidence as to what answer was given to that cable at all, and I supposed it was allowed to drop. There is another set of cables; there are two cables almost contemporaneous; in one cable Col. Carnegie proposed a modification of the 80 Mark 5, and the answer to that cable was they could not accept that because they did not want to experiment with a new shell, especially as the 85 is not suitable to the shell you are making; but I suppose the shell you are making must have referred to the shells that they were making independently of the five million order.

Mr. EWART: The reply to that cable that I have just been speaking of is on the 6th of May.

Hon. Mr. DUFF: What is that? That cable itself was received on the 6th or 7th.

Mr. EWART: This was the 7th.

Hon. Mr. DUFF: I did not see any answer to it.

Mr. EWART: "Shell Committee can proceed manufacture No. 85 fuse but suggest that your acceptance of it made with aluminum body and brass time rings——"

Hon. Mr. DUFF: What is the date of that?

Mr. EWART: 6th May.

Hon. Mr. DUFF: What is the date of that other one—the 7th?

Mr. EWART: It is really the 4th. The one I read to you a moment ago from the War Office, "Referring to telegram May 2nd, Shell Committee No. 85 fuse. Will accept (providing that?) Mark VI shell supplied"—that is really May 4th. Then this comes in answer to that from the Militia here: "Shell Committee can proceed manufacture No. 85 fuse but suggest that your acceptance of it made with aluminum body and brass time rings making total weight same as No. 80 fuse. This will save changing shell body design and will allow use of aluminum which can be more easily obtained than brass."

And then comes May 7th, from the War Office, "Cannot agree to your proposal, as we do not wish to experiment with a new pattern fuse, especially as No. 85 will not fit into the shell you are now making."

So that drops down——

Hon. Mr. DUFF: The proposal made in the earlier cable from the War Office is not dealt with. The suggestion there is a change in the design of the body of the shell, and the Shell Committee come back with a suggestion that instead of a change in the body of the shell there should be a change in the design of the fuse. The War Office say "We cannot accept that". Does the Shell Committee make any direct answer to the suggestion that there should be a change in the design in the body of the shell?

Mr. EWART: No, there is no direct reply; there is this cable on the 19th May—the one I have given on the 7th——

Hon. Mr. DUFF: I know the one of the 19th; I have that in mind.

Mr. EWART: That seems to be the only answer there was to that of the 7th May.

Hon. Mr. DUFF: Then down to the 7th May we must take it that the design of the body of the shell had not been finally determined upon.

Mr. EWART: The War Office thought so at all events. They say "Will not fit into the shell you are now making."

Hon. Mr. DUFF: Taking the cable of the 19th May——

Mr. EWART: About the body of the shell——

Hon. Mr. DUFF: About the fuse.

Mr. EWART: You are quite right about the kind of fuse

Hon. Mr. DUFF: What is in my mind is this, that the cable of the 19th May shows that the question as to whether the fuse to be made was 85 fuse or not was still an open question. The War Office made that quite clear that the making of the 85 fuse was conditional upon a change in the design of the body of the shell. If that is so, if the question of the use of the 85 fuse were not still in abeyance it must be that the question of the design of the body of the shell had not then been finally determined upon.

Mr. EWART: I fancy it had been determined upon here so far as the Shell Committee was concerned, and it was a question with them whether they could induce the War Office over there to take the No. 85 with the modification that they suggested.

Hon. Mr. DUFF: Do they suggest 85 with modification? Surely not, after that distinct rejection of it.

Mr. EWART: On the 6th May.

Hon. Mr. DUFF: I am speaking of the 19th May.

Mr. EWART: Not after the 19th May. After Patterson found that he could not make arrangements with DuPont's or the Artillery Fuse Co. he says he immediately got in touch with experts from the Frankford Arsenal, and then he did what was necessary in order to establish his plant, and he got Birnie and these other men, and had them for Carnegie's cross-examination when Carnegie got to New York on the 4th May. I pass to the American Ammunition Co. and there—

Hon. Mr. DUFF: Have you any suggestion, or does it come in here—I would like to hear any suggestion that any of you have to make—I mean you or Mr. Nesbitt, any explanation of the fact that the International people were not asked to tender on the graze fuses. That does not come in here definitely.

Mr. EWART: No; it does not come in there exactly. Why they were not asked to tender on the graze fuse; the reason is, as I understood Col. Carnegie—I may be wrong about it—my recollection of it is that when they determined to divide into two and a half million and two and a half million it was for them to determine what was the best thing to be done. They knew the Harris-Patterson combination had secured the aluminum, and they knew that Cadwell had been making the graze fuses, so that it was the most natural thing—that is the way I understood Col. Carnegie to put it—that one full order should be given for time fuses to the company that seemed to have the best opportunity of making a success of these fuses, namely the International, and that the division should be given to the American Ammunition Co. who already had experience in that direction.

Hon. Mr. DUFF: The point that occurred to me was this—it is not perhaps a point of any conclusive significance at all, but the Yoakum-Bassick people were brought in to break the price?

Mr. EWART: Yes.

Hon. Mr. DUFF: Now, that is to say, they were brought in for the purpose of providing competition. Did it not seem rather singular that that being the case, the possibility of competition was not considered with respect to the letting of the graze fuse?

Mr. EWART: That would come into the question of the price, as to the wisdom of the price.

Hon. Mr. DUFF: It is not a question of wisdom.

Mr. EWART: Of the \$4.00.

Hon. Mr. DUFF: Don't put it that way, Mr. Ewart, it is not a question of wisdom at all; it is a far deeper question than a question of wisdom.

Mr. EWART: The question of whether they deliberately refrained from?

Hon. Mr. DUFF: Deliberately, I don't want to use too strong language, but it is a question of how to account for that price of \$4.00 for graze fuses.

Mr. EWART: I thought that was in your Lordship's mind, and I shall deal with that question of the price; I am coming to that.

Hon. Mr. DUFF: Very well.

Mr. EWART: Now, with reference to bringing in the American Ammunition Co. for the purpose of breaking the price, I do not know that I can add anything to what has already been said, but I think I can do this; I can collect together the items of the evidence upon that point, and I can give that very shortly. According to Allison's evidence, General Hughes told him that he wanted him to see if he could not bring down the price. At that time, according to Allison, the prices were \$5.50 and \$6.00. A good deal has been said by Mr. Carvell as to the date at which Allison commenced his operations. Both Allison and Yoakum were not able to give any precise dates; neither of them keeps a diary, but what they could do I think was just as satisfactory as giving the dates, because they did tell us what were the prices which were before the Shell Committee at the time at which Allison was brought in. We know what those dates were; we know when those prices were before the Shell Committee, and in that way much more satisfactorily than mentioning a date, which could very easily be put here or there or anywhere. They determine what the date was. Now, at the time that General Hughes asked Allison to help with reference to this question of prices, the prices before the Shell Committee were between \$5.50 and \$6.00. Allison does not place any particular number of cents, but he places in that range; that is at page 1066 of his evidence. He saw various persons before he came across Yoakum. Mr. Carvell's comment upon that is "Will somebody tell us what he did? Whom he saw on that occasion, what he did with them, and so on?" All I can say is, Mr. Hellmuth was content, and so were we, with the answer that he was engaged, and that he was busy upon this subject before he met Yoakum, and before he had any conversation with Yoakum. If Mr. Carvell now finds fault with the barrenness of the evidence, with the lack of material, with the lack of detail, I think he must not blame us, but blame himself there. He had Mr. Allison in the box and he could have examined upon that point. Allison was not cross-examined upon that, and the usual deduction from absence of cross-examination on a point is that counsel is satisfied with the answer which he has got, or at all events that he can make nothing in reduction of it by cross-examination. That is on page 1067.

Hon. Mr. DUFF: What is the point you make there? What is the effect of the evidence at page 1067?

Mr. EWART: The effect of the evidence is that he saw various persons before he saw Yoakum with reference to this subject he was engaged upon in pursuance of what General Hughes had asked him to do with reference to the breaking of prices; he does not give the details of that, but that is not our fault.

Hon. Mr. DUFF: He saw Yoakum, according to the evidence of both of them about the first week in April.

Mr. EWART: Yes, I know, and before that he was busy upon this work.

Mr. NESBITT: He says Yoakum was in Texas or somewhere.

Mr. EWART: On page 1067.

Mr. HENDERSON: The only name he mentions is Craven, and then he gets side-tracked discussing Craven.

Mr. EWART: Then afterwards, on the same page, he says he fell in with Craven and at a very early stage he knew of the Harris and Patterson people; both he and Yoakum tell us, I suppose it must be correct, that when there is a proposition for a large contract ranging up into the millions, in this case five million fuses, twenty-two million dollars, that that goes into New York, and although everybody treats it as a secret, everybody knows it, and everybody knows it is a secret; and Allison says about the Harris-Patterson people that he knew about it, everybody knew about it, that was in the business. You may remember that Harris was very much astonished at one time

to find that Allison was really making inquiry as to his financial standing in order to be able to report upon it. That is the effect of Allison's evidence. If you believe it that is very satisfactory. Yoakum's evidence my friend Mr. Carvell seems to throw aside the same as he does Allison's. Yoakum's evidence says his first knowledge of the contract came through Allison, page 797. He says that was in March or April, but he gives us a much better way of getting at the date, because he says that the figure which he had to figure against at that time was \$4.90. That is in three places, 797, 798 and 808. Then General Bertram's evidence. General Bertram says that the price was originally \$5.10, which was reduced to \$4.90, page 354.

Hon. Mr. DUFF: But the evidence of both of them is there was no report made by them until about 1st May.

Mr. EWART: No.

Hon. Mr. DUFF: And that was some days after the 26th when these people made their price of \$4.50.

Mr. EWART: Yes, but what effect had the Craven people upon the Harris and Patterson people?

Hon. Mr. DUFF: We have no evidence that occurred prior to the 26th April.

Mr. NESBITT: Yes, Dr. Harris said that.

Mr. EWART: I can give you that in a moment.

Hon. Mr. DUFF: Very well.

Mr. EWART: But what we have is this that Harris agrees with Yoakum and Allison that he did hear of competition, and he is not very clear as to the date at which he did hear of competition. But just at this moment let me give you a quotation from his evidence. He said that something happened about the 26th April, and he knew price was talked of then—that is at page 680. We know what the something was.

Hon. Mr. DUFF: How.

Mr. EWART: Drawing the inference; he had heard of competition, he had heard of the inquiries about him, he knew that there was competition going on in New York just as competitors knew about him. What else was there? There is nothing else that happened that could affect the price except this competition.

Hon. Mr. DUFF: It is rather a pity that that was not suggested if that point is going to be made.

Mr. EWART: General Bertram's evidence says: "The prices were reduced to \$4.90. General Hughes was made aware of the prices and said, "your prices are too high, I can get you lower prices." General Hughes said, to see Allison, "To see if you could get some one who would break the price." That was the time when it was at \$4.90. What has been said about him saying to Carnegie to see Allison is a different thing. Col. Carnegie was going to New York to inquire about the International Fuse Co. people, and as he was going to New York General Hughes said to him, see Col. Allison about this; but prior to that Bertram had been made aware that Hughes had been in touch with Allison and said—

Mr. CARVELL: No.

Mr. EWART: Yes, and Hughes said to Allison, "See if you cannot get some one to break the price." That was at the time when it was \$4.90. I go further. In the letter of Col. Carnegie to Sir Robert Borden on the 12th October, 1915, at the time when there was no thought of this Commission, and when he had no idea of, whatever his honesty may be now, under Mr. Carvell's impeachment, at all events he had no object then of misstating anything, you will find at page 418, "General Sir Sam Hughes being informed of the prices quoted told General Bertram and me that the fuses could be obtained at a lower figure. He put us in touch with a group of manufacturers (now known as the American Ammunition Company) who had been associated with fuse manufacture in the United States and had experts who could undertake the fuses."

Hon. Mr. DUFF: That of course refers to the later date.

Mr. EWART: I read at the bottom of page 680:—

Am I right in understanding that the question of competition was an influence in bringing the price down to \$4.50? Let me put it this way; you were informed some time during the month of April that there was competition?

Hon. Mr. DUFF: Have we that fact, in the month of April?—A. Not in the month of April.

Mr. HENDERSON: Wasn't that in the latter part of April? I want to see whether your understanding is not consistent with that of others who are going to tell their story?—A. I would not be quite sure.

Q. I want you to be sure. Something happened about the 26th of April, and a new price of \$4.50 was talked about then?—A. Yes, sir.

Q. You were coming down?—A. Yes, from \$4.90 to \$4.50.

Q. Although I do not understand that you made any binding offer at that time?—A. No, sir.

Q. Because there were other considerations to be talked about, but the price was coming down from \$4.90 to \$4.50, was it not about that time that you were informed that the Shell Committee could get a better price than \$4.90, they thinking of \$4.25, and you then came down to \$4.50 tentatively—I am talking now of the 26th of April?—A. I am sorry my recollection is so vague upon that point but I believe Col. Carnegie said our price was too high, and that others had quoted a lower price.

Hon. Mr. DUFF: He could not possibly have said that on the 26th April.

Mr. EWART: I read one more question:—

Q. I am quite willing to tell you what I have in mind. During the last couple of weeks in April prices were being procured, and those gentlemen in Ottawa were led to believe that they could get a price of perhaps \$4.25 and certainly \$4.50; was that fact not communicated to you or the substance of it?—A. That is what I say, if I could lay my hands on what I think was either a telegram or letter that stated it specifically, that our price was high, and that we would have to reduce it, that they had some other price.

Hon. Mr. DUFF: The evidence of Yoakum and Allison is very clear that that did not take place before the 1st May; that could not have taken place before the 26th April because they said they made no report of any kind until about 1st May.

Mr. CARVELL: I think you should read the next question and answer.

Mr. EWART: Certainly.

Q. And that had to do with your bringing your quotation or tentative quotation down to \$4.50?—A. It may have been some element. But the greatest element was the fact that we thought we could do the work for \$4.50 on the technical advice of Col. Birnie.

Then I remind the Commissioners that what I have just said with reference to the Harris-Patterson combination and the uncertainty whether they would remain bound by their offer of \$4.50, more particularly from the consideration that that \$4.50 was based upon a number of five million fuses and Mr. Patterson gives that as one of his reasons, as the reason I think,—at page 532 he says; "The offer of the 26th April was \$4.50, because a large order." Then what would have been the effect of cutting down the order to one half of that, upon the price? Was not the result of the presence of that combination, whether introduced by Allison or not—I am not upon that point for the moment—but was not the effect of the presence of that other combination a material factor I would say in reducing the price from \$4.90 to \$4.50—at all events a useful factor in keeping it to \$4.50? And in producing those two—because this must not be overlooked—the great benefit from having two corporations there instead

of one—not at all with reference to the price at that moment, but to the existence of these two corporations and their two splendid establishments that are there in the United States to-day, with a view to future orders?

Hon. Mr. DUFF: Is not that really your strong point on that aspect?

Mr. EWART: That is a very strong point I think, and the event justifies that in every way. I do not think I need trouble the commission with a summary of the evidence—I have got it here together—as to the capacity of the combination, I mean the position in which the Cadwell combination—

Sir WILLIAM MEREDITH: Are you not discussing a subject, Mr. Ewart, which you argued as being outside the scope of the inquiry?

Mr. EWART: As I contend, absolutely.

Sir WILLIAM MEREDITH: Why are you doing that?

Mr. EWART: Because I am not sure that the Commission will agree with me. I can easily see it is going to be very difficult for the Commission, even if they thought I was right upon that point, so to hold; it would be, if I may say so, somewhat of a disappointment to the public if you were to hold that the scope of it was as narrow as that. I am very strongly convinced by the argument I have suggested to the Commission that that must have been the scope of it, and it could not be designed to be any wider, although the larger is there, but I do see the difficulty, and for that reason I am going on. If it is, as Mr. Carvell has said, that this contract should have been given to the Russell Company rather than to the American or the International, I suppose the only way to do is to compare what was offered by these two institutions at that time, and see which offered the best probability of turning out fuses within a reasonable time. May I just read over, in order that it may be put together, what the evidence is as to the position the Cadwell combination were in at that time. Cadwell had already taken four contracts, and was making delivery. He had had no experience in loading, he had determined to enter the business, and had put under retainer the civilian superintendent of the fuse department of the Frankford Arsenal, Gladeck; "He was the only man so far as we knew who had both the technical and the practical knowledge of the matter of fuses in the United States." Besides Gladeck they had six of his foremen, all under retainer. "We have something over 100 of the employees of the fuse department of the Frankford Arsenal in our employ at this time." "Before the contract, had bought factory of American Car Company at Paulsboro to remodel for loading of time fuses—

Sir WILLIAM MEREDITH: Does he mean after the negotiations began and before the contract was concluded?

Mr. EWART: No, sir; they had been—

Sir WILLIAM MEREDITH: Independent of this thing altogether?

Mr. EWART: Yes. They had been making preparations for going into the business. You will remember that Cadwell said he had a thorough belief that the war was going to be a long war, that his own establishment was very short of work, and he had determined to go into the fuse business as well as into the mechanical parts. He had, therefore, before this contract was made at all, determined to enter the business, as he says. He had put under retainer his experts, he had bought the factory of the American Can Co. at Paulsboro to remodel for loading time fuses. "We had all our plans laid and a large amount of machinery bought for the factory long before the execution of this contract. As a matter of fact we had option on twenty loading presses, and they were being manufactured for us, and we had paid large sums of money upon them before we secured this contract. We had dealings with several factories"—that they were in association with—"before the Shell Committee contract. We controlled their manufacturing facilities with respect to fuses and gaines; they had no right to manufacture for any one else. We are now interested in concerns which either have executed, are executing or are in process of executing contracts for

13,850,000 fuses and 6,600,000 gaines." That was his position at that time; besides being a man of immense wealth, a man who is able to handle these large transactions. What kind of man Cadwell was the Commissioners have had an opportunity of seeing. He impressed the Bar who sat around this table at all events as being one of the ablest men we have ever had to listen to in the witness box.

Mr. CARVELL: He cannot load time fuses.

Mr. EWART: That is quite true, and he cannot find anybody clever enough to tell him how. If Mr. Carvell knows anybody he can sell him for a very large amount.

Sir WILLIAM MEREDITH: I do not know why his misfortune in this respect should be made the subject of observation; he is doing his best, he has had all the skill possible; there may be other causes that have been suggested during the inquiry that have led to some of these troubles.

Mr. EWART: Yes, it is a mystery he has not been able to solve. I do not know that I can say much new upon the question of the price of the \$4, but I would like at all events to run over the summary which I have made with reference to it. In the first place the loading of graze fuse was altogether an uncertain factor.

Hon. Mr. DUFF: Loading of graze fuse?

Mr. EWART: No.

Hon. Mr. DUFF: You are on the time fuses.

Mr. EWART: Where I am wrong is, it is not loading, but the firing test of the graze fuses. Cadwell said this to Col. Carnegie, "All we wanted was a fair price; we must submit to firing proof, and I made it very plain to Col. Carnegie that we considered the firing proof a serious matter." He had taken previously contracts for unloaded grazes at \$2.40 and \$2.75, explaining rather an interesting point as far as I was concerned, that it was the concern with the greatest facilities that could get the greatest price. One sees the reason for it at once, because if you want prompt delivery you must go to the concern with the best facilities, and they are in a position to charge the highest price. That caused the difference between those two prices of \$2.40 and \$2.75; and then he says that he would add to that \$1 for the loading and the gun test, which would bring it up to \$3.40 and \$3.75; but in addition to that the contracts which he had at \$2.40 and \$2.50 were for brass, and he was now asked to make them of steel.

Hon. Mr. DUFF: Was he? Do you think he had not an option to make them of either brass or steel? The suggestion was that brass had gone up.

Mr. EWART: As I understand, the committee asked them to make them of steel.

Hon. Mr. DUFF: No, he had the option.

Mr. HELLMUTH: I think my friend made one mistake—I am only speaking from recollection—I think Cadwell said at that time he would have added \$1.50 for loading, now he would add \$1 to make the gun fireproof; I think that is what he said.

Hon. Mr. DUFF: It may be.

Mr. NESBITT: He would not take the loading under—

Mr. HELLMUTH: An additional dollar, and that he would not at that time have taken it under an additional dollar and a half.

Hon. Mr. DUFF: My recollection is not the same as yours with regard to the dollar and a half, but with regard to the dollar there is no doubt he said that.

Mr. EWART: That was the position in the United States. The position in England: Mr. Carvell asked us why in the world we did not communicate with the War Office? They knew all about it, why did not we go and ask them? Well, we did not go and ask them, but if we had this is the information we should have got, and we got it shortly afterwards, Vickers contract, unloaded with gaine, \$3.60—

Hon. Mr. DUFF: With gaine empty or loaded?

Mr. EWART: I do not know.

Hon. Mr. DUFF: I think Colonel Carnegie said empty gaine. But the point was not considered; but if the gaine was a loaded gaine it might make all the difference in the world, it might account for that price; but the difficulty about that, Mr. Ewart, is that the official and accurate information with regard to prices in England has been excluded.

Sir WILLIAM MEREDITH: We have that in evidence, that that prevailed at that time.

Mr. EWART: All the prices would not go in.

Hon. Mr. DUFF: What we have is this, a statement by Colonel Carnegie that this happened with regard to a particular firm, a statement made that could not be cross-examined upon, apparently taken from this very list that is not to be allowed to be communicated to the public.

Sir WILLIAM MEREDITH: That is not his fault.

Hon. Mr. DUFF: No, but it affects very materially the question as to the value of that evidence, at least it does in my mind.

Mr. EWART: It is a question whether you believe the statement or not.

Hon. Mr. DUFF: No.. It is a question whether we are to accept a single instance of that kind when all the other instances are excluded, as of any value whatever.

Mr. EWART: Certainly it is a matter for comment if we put in one price and in any way exclude the others; but that is not, I submit, the situation.

Hon. Mr. DUFF: The situation is this particular thing is selected from this list which is excluded from public consideration.

Sir WILLIAM MEREDITH: I think it is only fair to say that Colonel Carnegie knew nothing about it being excluded at the time he gave his evidence.

Hon. Mr. DUFF: No, do not mistake me. I am very sorry if I conveyed the impression that there was any attempt to juggle the thing, I don't mean that.

Mr. NESBITT: General Hughes when he came to make his criticism to Colonel Carnegie made a row about it, cabled over and it was stated in there that the price was \$3.72.

Mr. EWART: I quite appreciate the point that this is a single instance, and that is all we have got. We were willing to put in the others, and they were submitted to the Commission and will be submitted to counsel; so that under those circumstances it can hardly be suggested that we selected one item favourable to us—

Hon. Mr. DUFF: I am not putting it that way.

Mr. EWART: All I am urging is if we can look at this evidence at all, if we had inquired that is one of the bits of evidence we should have got, and I add this, that Cadwell would have preferred the Vickers price to the price which he got from the Committee, because it would be \$3.30, and \$1 for loading would be \$4.30.

Hon. Mr. DUFF: Cadwell, as he stated distinctly, would have taken them at \$2.70 unloaded.

Mr. EWART: Yes, but with the experience that we have my point is we were told, why did not you go to the War Office? If we had gone to the War Office that is what we would have got.

Hon. Mr. DUFF: Do you seriously think that that is what you would have got if you had gone to the War Office? Don't you think the War Office would have said to you "You are letting these contracts in the United States, apply to our agents in New York, and will give you all the information with regard to prices there."

Mr. EWART: I don't know; they might have done that; if they had then there would have been the same difficulty that General Hughes told the Commission about. There was the real difficulty. That would have effectually thrown all this work over into the United States.



Hon. Mr. DUFF: I am not impressed with that suggestion at all myself; I cannot understand it.

Mr. EWART: If we could not go to the United States for fuses at that time and we were shut up to Canada, according to the views of the Shell Committee at that time they would not have got the fuses in Canada, and we would not have got the work—

Hon. Mr. DUFF: I am not saying you could not go to the United States for fuses. What the War Office said, "If you are going to let contracts for fuses, let them through the Morgans." Supposing you did not want to let them through the Morgans what was to prevent the Shell Committee doing what the Imperial Munitions Board has been doing ever since it has been in office, consulting daily with the Morgans with regard to the situation.

Mr. EWART: That is a different thing; that is all right.

Hon. Mr. DUFF: Col. Carnegie's explanation is not the explanation suggested by General Hughes at all. Col. Carnegie was pressed for an explanation.

Mr. EWART: Excuse me.

Hon. Mr. DUFF: His explanation was this: he said, it was not our policy to go to the Morgans; why should we go to the Morgans? They were agents, and we were contractors. That is the excuse he gave. Col. Carnegie did not say that we could not go to the Morgans because if we did the Morgans would have gobbled up the whole contract.

Mr. EWART: He did not feel quite as much at liberty as General Hughes to say what General Hughes did say about the Morgans.

Hon. Mr. DUFF: Is it to General Hughes or to the Shell Committee that we are to look for the responsibility for fixing this price? Are you on behalf of General Hughes suggesting that General Hughes controlled the committee in such a way as to prevent them going to the Morgans for information?

Mr. EWART: I do not say anything like that.

Hon. Mr. DUFF: You are rather suggesting.

Mr. EWART: I am not suggesting anything like that.

Sir WILLIAM MEREDITH: I do not know why it might not appeal to some one here why that may not have appealed to Col. Carnegie's mind or to the other members of the Shell Committee—

Mr. EWART: No doubt General Hughes and the Shell Committee understood one another perfectly about transacting business in the United States through Morgans at that time, but General Hughes felt more at liberty to tell all that happened than Col. Carnegie did.

Hon. Mr. DUFF: Dealing with the policy of the Shell Committee Colonel Carnegie gave his reasons, and the reasons are the reasons that I mentioned, they were agents and we were contractors; we had nothing to do with the Morgans.

Mr. EWART: He was not asked anything as to any other reason.

Hon. Mr. DUFF: He was pressed for his reasons for not consulting Morgans. I pressed him myself, and Sir William Meredith asked him the question distinctly, "Why did not you consult the Morgans over the prices?"

Mr. EWART: That was one of the reasons, and this was the other.

Another point about \$4 is with reference to General Pease. I do not intend to argue that General Pease is responsible for the \$4 as it appears in the first of the American contracts, but he was present at that meeting, and I quite admit—

Hon. Mr. DUFF: Have you left the dollar point for loading and gun test?

Mr. EWART: Yes.

Hon. Mr. DUFF: I would like to ask you this question: the way that has been put, I must confess, has given me a great deal of difficulty, and if you can give me

any help upon it at all I would be very glad, but the question I constantly ask myself is this, with regard to that, are we to assume that Colonel Carnegie was allowed \$1 as compensation for the gun test? Perhaps I had better tell you exactly what is in my mind. If that was his attitude, how did it happen that he consented to the change in September for 27½ cents? But a more grave difficulty than that arises, if that was the thing for which the dollar compensation was being allowed is it not an amazing thing that he should not have communicated to the War Office and told them, it is suggested that \$1 should be allowed as compensation for the risks of that gun test; and does anybody imagine for a single moment that in view of the fact that the evidence shows that the graze fuse are made unloaded in England by the manufacturers, and that they are loaded by the War Office, they would have consented to the \$1 as compensation for the risks of the gun test?

Sir WILLIAM MEREDITH: Is it anywhere in the evidence that the dollar was mentioned?

Mr. EWART: Oh, no, there was nothing of that.

Hon. Mr. DUFF: Cadwell says: "I charge a dollar for that," but the point of view from which I want to look at it is not Cadwell's point of view, it is Colonel Carnegie's point of view.

Mr. EWART: But is it not reasonable in considering Colonel Carnegie's point of view to take in what the point of view of the purchaser would be? Is not that one of the necessary things?

Hon. Mr. DUFF: You see if Col. Carnegie had made inquiries and got the information—had asked Cadwell himself, what have you been paid for fuses? If Cadwell had refused and Colonel Carnegie had through the War Office or through Morgans direct got the information it would have been abundantly clear to him that he was being charged \$1 for the risk of firing proof—

Mr. EWART: I don't think—

Hon. Mr. DUFF: He would have learned that Cadwell was actually making these fuses for \$2.75. If he had said to Cadwell, 'what is the difference'? and he said the one is loaded and the other unloaded fuse, it would have been plain that that was the difference.

Mr. EWART: In Colonel Carnegie's mind there was no dissection of \$4.00, he never calculated this much for this part and that much for the other part—

Hon. Mr. DUFF: I cannot get away from the fact that it was a contract for seven million dollars, and this contract for loading meant one and two-thirds million dollars, and my difficulty is to understand how that price could have been fixed without some analysis of the situation.

Mr. EWART: It was fixed, Mr. Cadwell tells us, with Colonel Carnegie from the information he had from his own knowledge, from what his views were as an expert upon that sort of thing; remembering this, sir, that it is not merely a question of what it would cost to manufacture these parts, but it is the question going to a new concern for the purpose of getting—

Hon. Mr. DUFF: I thought the reason he was going to these people was because they were not a new concern, because they had Gladeck, and because he had been making these fuses before.

Mr. EWART: But they had to make great changes, and he indicates that he had to make great changes.

Hon. Mr. DUFF: Changes?

Mr. EWART: Yes.

Sir WILLIAM MEREDITH: It would be a very different thing if this was a contract entirely for graze fuse. It was a combined contract for the time fuse and for the other fuses, and they were not equipped for making time fuse at that time, although they were making preparations for it. All this seems to me to indicate that it never

could be the intention, whatever the language properly interpreted is, that there should be any such inquiry by this Commission.

Hon. Mr. DUFF: My problem in regard to this graze fuse contract is this: It is the point of view I am putting it at, and I am addressing Mr. Ewart for the purpose of getting rid, if I possibly can, of these difficulties that are assailing me.

The difficulty I have is, that here is a transaction that I simply cannot understand. Of all these suggestions that have been made there is not a single one of them that appeals to me as in the least degree convincing. That is my difficulty in this thing. I am not suggesting by any means that the inference is dishonesty at all. I am not putting it that way; I am not saying that, but I cannot understand the transaction at all.

Mr. EWART: One has to put himself back in the position that existed at that time.

Hon. Mr. DUFF: I have tried to do that.

Sir WILLIAM MEREDITH: Supposing the subject of the inquiry was the Russell contract; what would be said about the \$4 then?

Mr. EWART: What about the \$3.50? That is what I was commencing on, and was about to speak of General Pease.

If you cannot understand the \$4 for the American Ammunition Company, can you understand the \$3 for the Russell Motor Car Company?

Hon. Mr. DUFF: That does not remove any of my difficulties.

Mr. EWART: It is only a question of what was reasonable under the circumstances which existed at that time.

When I say that Cadwell had to provide facilities—

Hon. Mr. DUFF: You say Cadwell says. He says he would have taken this thing for \$2.75 if the loading had been eliminated. We are not reduced to speculation at all.

Mr. EWART: I have it that he said he would not have taken the contract any cheaper.

Hon. Mr. DUFF: For loaded fuses any cheaper.

I put to myself this question; if an experienced business man had taken control of those negotiations, is it conceivable that such a contract would have been entered into?

Sir WILLIAM MEREDITH: We have had put before us both Mr. Russell and Mr. Lloyd Harris as reputable business men, anxious to do honourable business, and they proposed \$4 as the price. Is it to be said that that is the attitude they adopted, with these animadversions that have been made upon Colonel Carnegie's conduct in adopting the same figure?

I would not want to be in any public position at all, if that was the way in which my actions were going to be picked to pieces afterwards.

Mr. EWART: The question is, what he would have to do in case he was in the position of Mr. Cadwell saying he would not do it for any less.

Mr. EWART: If one had had lots of time—if those great battles had not taken place just a short time before, if everybody was not feeling oppressed with the necessity of getting these fuses with the greatest rapidity, if it was not a case, as General Harston said it was that it did not matter if the price was \$5, get the fuses; it is not easy to put ourselves back into the state of mind that existed in May, 1915. It looked as though it was a very, very critical time.

I have been going back into the literature of that time. General French's report had come out a short time before, and the magazines were full of the necessity for munitions at that time. Mr. Carvell has reminded us of it to-day.

But we cannot get back into the atmosphere that prevailed at that time by my saying or by Mr. Carvell saying or reminding the Commission that it was a very critical time. Words will not convey the feeling of anxiety that existed at that time. I will dwell upon that a little later, upon the question of pressure, because it was pressure upon all sides, pressure from all four quarters at a time.

But I do think that if we are to judge Colonel Carnegie, we ought also to say that General Pease after making all inquiries in the United States, one month after this contract was let was satisfied to let a contract to the Russell Motor Car Company at \$3.50.

Hon. Mr. DUFF: But what was the reason? You will recall I suppose that the establishment of the manufacture of fuses in Canada was one of the circumstances mentioned in the resolution.

Mr. EWART: That was one of the reasons, sir.

Hon. Mr. DUFF: As justifying that price. And that is one of the reasons why I think the Russell Contract—and I am not saying at the moment that it is not very relevant—but that is one of the reasons why it does not appeal to me in getting rid of the difficulty.

Mr. EWART: But we are not so separated from the United States that we cannot say that the establishment of munitions factories in the United States was not something to be desired. The United States is our great reservoir for munitions at the present time, and we had hoped that they would turn out a great deal more than they have given to us so far.

But every one felt this way at that time; get factories in the United States, and in Canada if you can, but in any event get them established in the United States.

Hon. Mr. DUFF: I think that is entitled to consideration.

Mr. EWART: Now in reference to the reduction of 27½ cents that has been in my mind for some time, or rather from time to time.

I have been expecting rather that we would be attacked upon the question, why did you compromise on 27½ cents, that they would want some explanation of that, because if they are going to get any benefit from this contract that is where it is to be.

Hon. Mr. DUFF: The evidence in regard to that is in rather a curious state.

Cadwell says, it was suggested here by Colonel Carnegie when he was in the witness box yesterday or the day before, that his recollection was that it was suggested by Cadwell.

Cadwell at one place in his evidence took the position that the reduction was not worth any more than 27½ cents, because in the meantime his unloaded fuses had been subjected to the firing test in England, and he having had no reports of complaints or rejections assumed that they were perfectly good.

But he rather destroys the effect of it to-day by saying that he (as Mr. Nesbitt reminded us) would not allow less than \$1 for the firing test. He tried to convey the idea, and I suppose quite sincerely, that he did not feel absolute confidence in those firing tests.

Mr. EWART: I wish now to say a few words on the subject of the commission.

We heard from our friends, and newspapers on the street, a charge against the Committee because they went to the middlemen.

I think they went to the manufacturers. The way to get to the manufacturers is the way you go to get to a purchaser for your house. You put your house in the hands of a man who knows the purchasers or has a way of getting at them. Such men make it their business to get track of purchasers and vendors and bring them together.

Now with reference to the commission. It is sometimes said that if there had been no commission the price would have been less. That does not in the very least degree follow. Cadwell says he was getting the best price he possibly could. He said he was

not seeking to take this contract cheap. As Mr. Nesbitt reminded me a minute ago when Bassick and Cadwell and Yoakum retired after they had got this offer of \$4 from Colonel Carnegie, Bassick insisted upon asking \$4.25.

Yoakum was in control, and Bassick assumed the right to decide the matter. That was the way the \$4 came about.

If that commission affected the \$4 I suppose it would affect also the \$4.50, because, as the Court has already mentioned, the contract is for the two kinds, one at \$4.50 and the other at \$4.

It is now said against us that the commission affected the \$4, but it did not affect we know the \$4.50. It is very difficult to argue that it would have affected the \$4, when we know it would not have affected the \$4.50.

The International Arms and Fuse Company got the same price. There was no commission in the case of the International Company at all, yet they got the same price as the American Ammunition Company got.

Justice Duff was very insistent, and I saw the point he was endeavouring to be satisfied upon, that is, knowing whether Allison was in Ottawa between the 28th of May and the 5th of June. I think Commissioner Duff was satisfied upon that point.

Sir WILLIAM MEREDITH: What do you say the proper conclusion is upon this point, according to the evidence; did either of the parties, Yoakum, Bassick, or Cadwell contemplate anything but a manufacturing contract when the price was fixed?

Mr. EWART: No, sir. That is the next point.

When they commenced a consideration of the contract, it was with the same view as Yoakum had when he was at the cartridge contract, which was for the purpose of going into the manufacturing. No one questions that, as far as the cartridge contract is concerned.

It will be questioned, Yoakum's word will be questioned when he says he intended the same thing with the other two in this particular case.

But there is no more reason for doubting his word upon one than upon the other. The three of them, Yoakum, Bassick and Cadwell had no very clear idea about it, but they were intending to take it up as manufacturers.

Sir WILLIAM MEREDITH: Did Cadwell expect that the others would come in and take their shares?

Mr. EWART: He did, sir.

Mr. NESBITT: He spoke of how much each would take.

Mr. EWART: Afterwards. This commission, what is called a commission might just as well be called purchase money paid by the Cadwell Company in order to get Bassick altogether and Yoakum almost completely out of the company, because Yoakum very fairly says that he saw Cadwell's point, that they had the right to share in the profits on the contract, but that Cadwell was contemplating a permanent institution, not for his own lifetime only but for his children after him; that they would have no right to share in the subsequent transactions and that Cadwell naturally wanted to keep it on.

Cadwell said he thought they had to settle in some way or in some manner and that he always looked upon it as a legitimate charge to pay, for selling one's property.

Yoakum and Bassick had done the most of the work in connection with the negotiations. The letters were in the name of Bassick. Perhaps Yoakum had done more in getting the men together, but at all events they both negotiated, and Bassick had the cleverness—it stood him in good stead in the arguments that were brought up—and the good sense to get the letters put in his name.

Bassick said (as Cadwell says), for the first time that he did not intend to take any participation in the stock of the new company. The question then arose how he was to be remunerated. It was then that they made the arrangement for what they called a commission. It might more properly I think be called purchase money paid by Cadwell for the interest of Bassick.

This too must be remembered, that of what was called commission Cadwell got 25 per cent paid to himself.

I do not wish to say anything in regard to the Edward Valve Company contract, as I do not feel that I can add anything to what is obvious and what must be before the Commissioners now fully.

But I do wish to speak of the Russell Motor Car Company, and to state what their capacities and their preparations were, as shortly as I can, as compared with the capacities and the preparations of the American Ammunition Company and the International Arms and Fuse Company.

Russell and Harris knew nothing about fuses. Probably they had never seen a fuse, or, if they had, had not examined it at all events, that is, down to the 6th day of May.

They put in their offer on the 26th of May, just twenty days afterwards.

Up to the 17th of May, or more than one-half the time, they were engaged in trying to get first the Artillery Fuse Company and afterwards the Scovill Company to do the loading for them.

They had no idea at all until after the 17th of doing the loading themselves. After that, Russell went to Toronto, and Harris, who had been in Chicago looking after men who would take part in the construction of the mechanical parts, went to Toronto and the two men met there on the 21st.

Down to the 21st they had done nothing in reference to loading.

On the 21st, they made a tentative agreement with Mr. Kirby, and on the 26th they put in their offer at \$4.25.

Colonel Carnegie said he made up his mind that upon that appearance he could not trust them with a contract upon which so much depended.

Let me say with reference to Kirby, very shortly, what appears with reference to him.

Russell says that Kirby is not a civil engineer, but a practical workman, a mechanic.

This appears at page 1289 of these proceedings:—

Mr. HELLMUTH: Was he a civil engineer or anything like that?—A. No, I think he is just a practical workman; he is a mechanic.

He says that he is now a foreman, teaching the girls, on a foreman's salary of \$200 a month.

Russell says, with reference to a question the Court put to him, that Kirby's experience did not leave them altogether helpless.

We may safely go that far with him. But that we could go very much farther, we may very well doubt, because Kirby himself tells us that in November, 1913, he made an estimate of \$3 at which a fuse could be supplied and make a profit.

Russell afterwards says that it could not be done.

Kirby, in connection with White made two suggestions, first that they could find a shop all ready except the power. There was something else, but I have forgotten what it was. Russell said No, that they could not find anything but one they got afterwards, a one-story building, and that was not ready for loading, that is, a good deal would have to be done.

Kirby and White acting together in that letter of White's say that they propose to ship in three months.

Of course we know without being told by Russell, that that was impossible.

Then we have General Nicholls—I keep calling him General Nicholls—Fred Nicholls at all events, of the General Electric Company—probably that is where I get the word General.

When he was considering taking a contract for fuses he had so little faith in Kirby that he said he could not take it up without sending one or more of his men over to England.

Sir WILLIAM MEREDITH: What date was that?

Mr. EWART: It is on page 40. The correspondence will be found at pages 40 to 44. The date is February 15.

Sir WILLIAM MEREDITH: I thought that was the letter about the smaller quantity, the trial quantity.

Mr. EWART: So it was, but he spoke of taking up the subject.

Sir WILLIAM MEREDITH: I thought it was a later letter than that.

Mr. EWART: It is at page 40, and is dated the 15th of February, 1915:—

I have gone into this matter very thoroughly with our people and have come to the conclusion that I would not care for our company to take the responsibility of commencing the manufacture of fuses with the insufficient information that is available to us at the present time. In fact I consider it would be necessary for one or more of our operatives to visit some works in Great Britain where these are being actually produced, in order to get a thorough grasp of the methods of manufacture.

Sir WILLIAM MEREDITH: To whom was that letter addressed?

Mr. EWART: To General Bertram, sir.

Sir WILLIAM MEREDITH: Of course Colonel Carnegie knew of that letter?

Mr. EWART: Yes. We had all this information.

That was the view of Mr. Nicholls and Mr. Kirby, that they would have to send one or more of their operatives to England in order to get an idea of the methods of manufacture.

Kirby agrees with that. After being shaken a little on his expert information, not being able to tell what the time toleration was after his experience in England, where they make them by the thousands, whether it was four-fifths of a second or one-fifth of a second, he could not come any closer than that, and says it would have been well to have sent him and perhaps others over to the Woolwich Arsenal.

But that was out of the question, to send him over there for several weeks in order to get the information; the thing had to be done, and had to be done at once.

Sir WILLIAM MEREDITH: That was mainly with reference to the loading?

Mr. EWART: Mainly with reference to the loading, yes, sir.

Kirby is a good, practical mechanic, no doubt. He produced a fuse here made in his own works, and a very creditable piece of work it was.

Hon. Mr. DUFF: And made without special appliances.

Mr. EWART: Yes, made without special appliances, and it spoke very well for Mr. Kirby.

Hon. Mr. DUFF: I am afraid we got the impression before he got into the witness box that his qualifications were not equal to what they were expected to have been.

Mr. EWART: He was a good practical man, and that is what Russell says he is—just a good practical workman and a very skilled mechanic.

Sir WILLIAM MEREDITH: Supposing a man was going to establish a plant, would it be safe to take him upon his own simple statement of what his qualifications were?

This man does not appear to have had any documents which vouched for his qualifications.

Mr. EWART: He has been away from Woolwich five years.

Hon. Mr. DUFF: They could have communicated with Vickers.

As far as Kirby is concerned—and I am not going to ask you to accept it—I made the suggestion that an engineer like Colonel Carnegie naturally would be very distrustful of a mere practical mechanic of that kind. Professional men are not any too

prone to assume that people can pick up the mysteries of their profession without special training.

Mr. EWART: It was out of the question that Colonel Carnegie could have gone to the Committee and recommended that Russell contract.

Hon. Mr. DUFF: The suggestion was that if the Russell people and the Northern Electric people and some of those others had had encouragement earlier, something might have been done similar to what the Imperial Munitions Board are doing?

Mr. EWART: These things all work out in their own way in time.

Sir WILLIAM MEREDITH: We have heard it said that hindsight is a good deal better than foresight.

Mr. EWART: These things work out slowly. I do not intend to say anything as to the allegation in regard to the advances, but as to the pressure I wish to say two or three words, giving the dates, to begin with.

The Battle of Neuve Chapelle took place on the 13th of March, 1915; the Battle of St. Julien took place on the 23rd to the 28th of April, the Battle of Festubert took place on the 16th and 17th of May.

That was the great pressure.

The second kind of pressure was that which Colonel Watts spoke of, namely, the prospect of the accumulation of \$70,000,000 worth of shells without fuses.

The third pressure was, that of the contractors. I shall trouble your lordships with a little evidence upon that.

Passing over that for a moment, I will give the Commissioners the fourth kind of pressure, namely, the great pressure of work of all kinds, of work that was on General Bertram's and Colonel Carnegie's hands during these two months.

By the pressure on the part of the contractors, I mean the International Arms and Fuse Company.

Hon. Mr. DUFF: Do not you think it is conceivable, Mr. Ewart, that these gentlemen might have got a wiggling from the Minister of Militia; it was the 17th of April that these communications had taken place and nothing had been done practically. Is it not conceivable—I do not mean that the Minister of Militia had suggested anything at all with regard to this contract or the other, but as to getting on with fuses. Is not it possible that something of that kind had happened and that something was said having in mind something of that kind.

Mr. EWART: You are referring to the conversation of the 13th of May.

Hon. Mr. DUFF: Yes. It strikes me that the thing is susceptible of a perfectly innocent and natural interpretation without importing anything into it of an undue influence.

Mr. EWART: I was passing that over, I thought it was so clear.

Hon. Mr. DUFF: Oh, all right.

Mr. EWART: I want to bring before you a little more fully than I have yet done the pressure that they were under from the contractors; that is, the danger of Harris and Patterson withdrawing altogether if they did not get that contract on the 25th of May.

Hon. Mr. DUFF: I think there will be some difficulty on that score in the face of the evidence of Mr. Harris and Mr. Patterson. They both said distinctly that they refused to have anything to do with that suggestion of \$4.25.

Mr. EWART: Oh no, no, that is not the point I am on.

Hon. Mr. DUFF: You said there was the danger of them withdrawing unless they got the letter of the 25th of May.

Mr. EWART: There was a danger of their withdrawing, yes, unless they got that letter. Now, there was a real substantial danger at that time, as I think I can prove beyond the shadow of a doubt.



Hon. Mr. DUFF: The point is that the letter did not help the situation.

Mr. EWART: Oh, yes, it did, because when Mr. Harris got the letter he said he took it down in order to submit it to his people, and that was quite enough to get them on a string again, if I may use the expression. The danger was that Patterson had become so impatient with the lapse of time and what he thought was the indecision of the Committee, that he was for withdrawing altogether and not bothering with that any more.

Hon. Mr. DUFF: He went away and left Dr. Harris behind, and they understood that he was going away and they still did nothing.

Mr. EWART: Something like that—

Mr. NESBITT: No, no.

Mr. EWART: Something like that, not quite like that.

Now I am dealing with the danger of Dr. Harris and Mr. Patterson withdrawing altogether from the negotiations on the 25th of May.

In Colonel Watts' evidence first, as introductory:

"General Bertram told me that these bidders, that is the people he was negotiating with, had options on material and machinery that were liable—at least they were expiring, other people wanted the machinery, and the machinery builders would not hold the options open, and these people had to exercise the options, and that therefore in a sense they had either to close or let the thing go." That is page 480.

But it is much more important to get day by day what happened between the 21st and the 25th of May. Prior to that, however, on the 19th of May Mr. Patterson came here to Ottawa, with Mr. Birnie and his lawyer. He says:—

"My mission here was to induce them to decide one way or another whether or not we would get the order.

"Q. Can you tell me whether at that time you knew or heard anything of any competitors for these contracts?—A. I think I did hear that we had competition.

"Q. Did you know what the competition was or who?—A. I did not know definitely.

"Q. But you had heard that there was competition?—A. I had.

"Q. You know now, of course, who the competitors were.—A. I know from the newspapers, but not otherwise.

"Q. Let me say, just at this moment, had you anything to do with or any connection with the American Fuse Co. or the American Company?—A. Nothing whatsoever.

"Sir WILLIAM MEREDITH: The American Ammunition Co.

"Mr. HELLMUTH: The American Ammunition Co.—A. Nothing whatsoever.

"Q. At that time or up till the present?—A. At no time.

"Q. When you came here on the 19th May, and you have told us who accompanied you, whom did you see then, Mr. Paterson?—A. I saw the members of the Shell Committee, I think Mr. Bertram, Mr. Carnegie, and possibly others but I cannot recall who they were.

"Q. About how long did that interview last, or was there more than one interview.—A. I think there was more than one interview.

"Q. Was any conclusion come to then.—A. No conclusion.

"Q. Was anything said by you as to the options you had on this various machinery.—A. I say I urged the Shell Committee to act even if it meant we were not to get an order, because it was almost impossible to hold in line our manufacturing companies in the States, supply companies, etc."

Now, Mr. Harris tells us about them being here and of going away, and Mr. Harris coming back again from Montreal Junction. Dr. Harris' evidence is that he arrived in

Ottawa on the 21st. Mr. Patterson had been here and was becoming very impatient. Mr. Patterson and Colonel Birnie were still here. That evidence will be found at page 651:—

“The only thing that was done was that Mr. Patterson was getting very impatient, saying that these options would expire. We had very great difficulty to hold the most important of these options that I spoke of, without which we could not make one fuse, and unless he could get something definite at that time he was going to return to New York and drop the matter, that was why I came on.”

On the 22nd Dr. Harris left for New York with the others. “They had decided— or I believe Mr. Patterson had decided to drop the matter. I talked with him from here to a Junction between Ottawa and Montreal, and I said, ‘I will not go to New York, I will go back to Ottawa and make an effort to ascertain whether we are going to get anything definite in an order.’ I returned to Ottawa on Monday the 24th, which I have a note here was a holiday.”

Then he is asked this question at page 653:—

“Q. But after you returned from Coteau Junction, where you had gone with Mr. Patterson, did you tell General Bertram or Colonel Carnegie on the 24th after you came back, or on the morning of the 25th, that Mr. Patterson was inclined to throw the whole thing up?—A. I did.

“Hon. Mr. DUFF: What I rather wanted to ask was this, whether before Mr. Patterson left you had made them aware that on account of the fact that the options were running out Mr. Patterson’s mind was practically made up to throw the thing up.—A. Yes, sir.

Then at the top of page 654, it continues:—

Q. The question is whether you made General Bertram or Colonel Carnegie aware of that fact before you and Mr. Patterson left?—A. Yes, sir.

Q. On the 22nd?—A. Yes, sir, Saturday the 22nd.

Mr. HELLMUTH: You did make them aware of it?—A. Yes, sir.

Q. Then you all went away at that time as though you were disgusted with the matter. And you came back afterwards?—A. We did, the three of us.

Q. You came back to find if you still could arrive at a method of getting in—may I put it that way?—A. Yes, sir.

Hon. Mr. DUFF: The point in my mind—and perhaps you will deal with it now—was how was it that they let them go. They had given the letter on the 21st to the other people. Is there any explanation given of that? They gave Mr. Bassick a letter—not to Mr. Cadwell—for three million. They had Dr. Harris and Mr. Patterson here, whose equipment they believed to be the better equipment of the two. How was it that they let them go away on the 22nd without even giving them that \$4.25 letter.

Mr. EWART: They were trying to get them down to \$4.25, but they were not satisfied with that.

Hon. Mr. DUFF: Mr. Cadwell’s position was precisely the same as the other. How was it that they gave that letter on the 21st? One point in Mr. Patterson’s mind that influenced Harris was this, that Patterson was satisfied that he could get a contract for \$4.50 with friends in New York. In other words, he left with the intention of breaking off all negotiations with the Committee. Does not it seem curious that they should let him go?

Mr. EWART: I think I could suggest several explanations. One would be—General Bertram and Colonel Carnegie would know the best; if anybody wants to know the explanation of Harris not getting that letter until the 25th, although he had been there from the 19th, those are the gentlemen who would know.

Hon. Mr. DUFF: Do not you think that was suggested?

Mr. EWART: I do not remember.

Hon. Mr. DUFF: I think it was, but if not you are quite right. I thought Mr. Hellmuth went over that ground very carefully.

Mr. HELLMUTH: I think what you said of Mr. Cadwell being of the same mind—I may have the wrong evidence here, but in looking at the evidence this question occurs at page 714:—

Q. At all events you thought, whether your knowledge proved your thoughts were correct or not, that \$4.25 was a fair price?—A. We felt that we might be able to make it at that price and make some money.

Q. Of course we are still talking of the time fuse?—A. Oh, yes, nothing else ever thought of.

Then he says that is about the middle of May.

Hon. Mr. DUFF: My recollection is very clear that I asked Mr. Cadwell the specific question as to what his mind was, and he said that not only was it his mind, but Basick understood his view, that is to say, that on the 25th of May he would not have accepted that.

Mr. HELLMUTH: Cadwell said that?

Hon. Mr. DUFF: Yes. I have not looked it up since.

Mr. HENDERSON: I think you said there was an upward tendency in price.

Hon. Mr. DUFF: I recall it because I put the question myself. But if Colonel Carnegie was not given an opportunity, if that really was not put to him, I do not think it is a thing that ought to be pressed.

Mr. HENDERSON: It never was put to him.

Mr. EWART: I read from page 719, I do not know what it is, it has just been put into my hands:—

Mr. HELLMUTH: I judged from what you had said, Mr. Cadwell, that if you had had a firm contract instead of the letter of May 21, if a firm contract had been brought to you at that time for the three million fuses, even with the advances that had taken place, that looking back at it now as you recollect it you think you would have been inclined to accept it.—A. The type of fuse had not been decided upon. If that had been type 85 I am quite confident that we would have taken it; but type 80 over 44 we knew nothing about, therefore I was undecided." That is as to Cadwell.

Hon. Mr. DUFF: That is not the evidence that I refer to. It was in answer to a question put by myself.

Mr. EWART: I have not got it in mind, Mr. Commissioner.

Hon. Mr. DUFF: Unless I am absolutely wrong, I may be wrong—

Mr. EWART: Your memory is extraordinary, I think it is better than any at the Bar.

Hon. Mr. DUFF: That is undue influence, Mr. Ewart.

Mr. EWART: Pressure. I have had experience of Mr. Commissioner Duff and his memory before now.

There are just two points that I wish to touch on now. I want to call attention to the completeness of the investigation. Something was said in Parliament after the Commission was issued, something depreciatory of it, that it would be absolutely nugatory, that it would no more get Allison or Yoakum before it than the Davidson Commission could get Keefer, that its powers in that respect were absolutely nugatory.

I am glad to say that we are able to declare, and I am sure that everyone will bear us out in this, that we have done everything that we can to answer all the requirements, not only with reference to witnesses, but as to papers, I think, Mr. Carvell was good

enough to give us a certificate as to papers at all events the other day, saying that he had not asked for a paper that he had not got. There is no information that has been asked for by the Commission or Counsel opposed to us that we have not done our best to get for them. I think the only fault that we can be charged with is that we have deluged the Commission with a great mass of unnecessary papers, and thrown ourselves open to the most narrow scrutiny as to everything we have done.

Whatever the judgment may be, one cannot say either that the Counsel for the prosecution have not conducted the case in the most able and diligent way—and paraphrasing one of Mr. Yoakum's remarks, I think I may add that if there is any argument that they have not urged, they have not overlooked it intentionally.

One word more. Speaking now, for the Minister purely, I submit that there can be no condemnation of him unless the Commission in the first place find it necessary to condemn the Committee, that is General Bertram and Colonel Carnegie. We are in the position of the second line of defence; we cannot be accessory to wrong-doing unless there has been some wrong-doing. So far as General Hughes is concerned, he authorizes me to say that he ratifies and approves of everything the Shell Committee has done. As he has said in Parliament, he stands by the Shell Committee as long as it has a button on its jacket, he does not wish to escape responsibility by throwing it on anybody else. At the same time, one cannot refrain, as his counsel, from saying that there is not a solitary word of evidence—

Hon. Mr. DUFF: That is a constitutional responsibility, not a personal responsibility.

Mr. EWART: Oh no, there is not a word of evidence that tends in the very remotest way to incriminate him, or to show that he had done anything that makes him unworthy to occupy the position of Minister of Militia. I cannot help recalling what Colonel Carnegie said as to the amount of interference of General Hughes with the work of the Committee, not only that there was no interference except that there should be speed and attention to prices, but he said, "We went for our inspiration to General Hughes, the man was bubbling over all the time to know how the work was getting on, and as to his interference he had but a business knowledge of the work and merely urged us to greater rapidity."

*Argument by Mr. Lafleur:*

In rising to address you, sirs, I think it my duty in the first place to endeavour to give you what assistance I may with respect to the scope of the Commission. I purpose doing that without any reference to what passed in Parliament. I am not going to refer to the speeches that were made there on the resolution for this Commission. I think we have in this record all the papers which are necessary to establish the scope of this inquiry.

I need not trouble you with reading the Commission itself, it has been read more than once to you, and of course its terms are very general and would authorize a very exhaustive examination into all the activities of the Shell Committee with reference to these contracts and everybody who had any possible connection with these contracts or the profits or commissions to be derived therefrom. But of course, the generality of those words must be controlled in some way. They are controlled in the first place by the Order in Council—and may I refer you to that order, which is to be found at page 3. The Prime Minister observes:

That on Thursday, the 30th day of March, he made an announcement in the House of Commons with respect to the matters alluded to by Mr. Kyte, a copy of which announcement is hereto appended.

That announcement is summarized in the memorandum which is incorporated by reference into this Order in Council. Then the following words appear:—

The Prime Minister considers that having regard to the consideration set forth in the said announcement it is desirable that a commission under Part I of the Inquiries Act be issued for the purpose of making a full and complete inquiry and investigation into the following contracts made by the Shell Committee.

Then, substantially the same thing appears as is to be found in the Commission.

Coming now to the memorandum, which I submit is the controlling document, which shows the whole purpose and *raison d'être* of this Commission, the very first announcement made by the Prime Minister absolutely refuses an investigation into the affairs of the Shell Committee. May I read it again? I think it has been read before, but may I emphasize the wording of the first paragraph of this memorandum:—

Now, what course does the Government propose to take with regard to the motion which my right hon. friend has proposed to this House? As far as the Shell Committee is concerned—I shall speak afterwards of another matter—our proposal is this: We shall direct the attention of the British Government in detail to every charge, allegation and rumour brought up in this House or elsewhere by my right hon. friend, or by any of his supporters with regard to the Shell Committee. We shall further inform the British Government that if an inquiry is thought advisable we are prepared to co-operate with them to the fullest extent, and to issue any commission, take any proceedings, pass any legislation, and do any other act for the purpose of making that inquiry as full, thorough and complete as they deem advisable. But without their consent or approval, we do not propose to enter upon an investigation or inquiry into such expenditures by the British Government.

Now, I submit, that is the proper constitutional course to take. Mr. Commissioner Duff had occasion to remark during the course of this inquiry that possibly this inquiry should include an investigation into cases of official misconduct, comprising in that term the negligence, the possible gross negligence of any official who was in charge of this work.

Now, with great deference, I submit that this very kind of investigation is expressly excluded by the terms of this memorandum. It is not that it would be undesirable if the proper grounds were shown. I quite concur, if I may do so, in all that has fallen from Mr. Commissioner Duff, when he said it would be a pity if such official misconduct or mismanagement should be screened from sight. But I say constitutionally speaking, the ground taken by the Prime Minister is unassailable.

That is a kind of official misconduct or mismanagement which can only be examined by the British authorities or by us at their request; and I submit that a great deal of many of the topics that we have been examining fall within that category and are not examinable.

Now, we get at the root of this inquiry when we read the subsequent portion of page 3. The Prime Minister observes:—

So far as our own affairs are concerned, so far as the actions of the members of the Government are concerned, these stand upon a different basis, and as to these I shall be prompt to accept any challenge that my right honourable friend or any of his followers may see fit to make in this House.

Then follows the passage which has been read as to what should be done by a member of the House in making a charge upon his responsibility as a member of Parliament.

Then he goes on to say:—

The honourable member for Richmond, however, made statements late on Tuesday evening as to the connection of the Minister of Militia with certain contracts entered into by the Shell Committee, and as to enormous profits or commissions arising out of these contracts to certain companies which he mentioned. It is alleged that Mr. J. Wesley Allison had a very large interest in those profits or commissions, and it is suggested that through his influence with the Minister of Militia, the Shell Committee were induced to make the contracts in question. The Minister of Militia and Defence had previously stated to the House his close relationship to Mr. J. Wesley Allison, and his great confidence in that gentleman.

Having regard to the consideration, I think it desirable that an inquiry should be made into the fuse contracts made by the Shell Committee with the American Ammunition Company, and the International Arms and Fuse Company and the Cartridge Case contract made by the Shell Committee with the Edwards Valve Company.

Now, I submit that that must be our guide in ascertaining what the scope of this inquiry should be, and while I propose to examine very briefly the principal topics which have engaged our attention during this long inquiry in order to discard and remove those from our consideration which I think are immaterial, and briefly to dwell upon such features as have not already been touched upon with reference to the material issues, I do submit with confidence, that when you are considering your report, sirs, the application of this view must prevail. It is one thing to allow the evidence to go in, and I quite take my share of the responsibility for all the irrelevant evidence that has gone in; no doubt it was induced partly by the gentleman whose desire it was to extend the scope of this inquiry as widely as possible; but it was also allowed to go in by ourselves, because from our point of view it would have been unwise to appear to desire to exclude any inquiry that might in the slightest degree have any possible bearing upon the conduct of our client. But when that evidence is once in it becomes the duty of the Commissioners to select from that evidence which is at all applicable to or has any reference to the proper subject matter of the inquiry. Take for instance one topic which has taken up a considerable amount of time, that is the legal status of this Committee, and the position of members as contracting members or as trustees of the British Government. That I may say is an entirely academic question because in the first place it is common ground that these gentlemen, whatever their legal responsibility may be, from the outset never intended to act otherwise than as trustees.

Mr. CARVELL: As far as I am concerned I would not like to assent to that.

Mr. LAFLEUR: I say it is common ground that they never intended to take any of the profits, and I heard those very words from Mr. Carvell's own mouth.

Mr. CARVELL: I agree with that.

Hon. Mr. DUFF: Colonel Carnegie undoubtedly insisted that they were not agents.

Mr. LAFLEUR: He said technically they were just as Colonel Watts said, legally speaking he took that view; he said, "There is no doubt what we had intended, and what we did do. We did act as trustees."

They came to the conclusion, legally speaking, that they were contractors.

Hon. Mr. DUFF: They may have been contractors as individuals, but the Shell Committee was disbursing enormous funds, the property of the British Government, and were doing it as an administrative agency.

Mr. LAFLEUR: And they never took any other position. You must recollect, that at the very outset their desire was to contract as a Shell Committee. It is not they who are responsible for the form the Contract took. Their desire and instructions were to

make a contract between the Shell Committee and the British authorities. They were told that was impossible and that they had to contract in their individual names, and four of them volunteered to take this responsibility, which at one time did alarm them to a certain extent.

They thought they had undertaken an enormous contract which they could not carry out at War Office prices; then they got some sort of assurance from the Government that they would be protected. Any way, it is manifested from the very start they never had the slightest intention of appropriating any profits to their own use. That is an entirely academic question, and does not help us.

Hon. Mr. DUFF: Of course, from General Hughes' point of view, the impression I got was that he never concurred in that motion at all.

Mr. LAFLEUR: And so far as my client is concerned, the moment that he was consulted about the matter he at once took the very proper stand that that money could not go to anybody except the British War Office.

There was some suggestion made that perhaps the Patriotic Fund might get the benefit of it, but he discarded that at once, and said "This is trust money and belongs to the British War Office, and any surplus must be returned to them."

A great deal of time has been spent upon this portion of this case, and there has been a great deal of talk on a similar inquiry into the book-keeping of the Shell Committee. Now, it does not matter how these payments were made, how their expenditures appeared. We all know now that these moneys were handed over to the Munitions Board and that no money has been diverted from its proper destination by those who entered into this contract. So, I submit, that such inquiries as these may be dismissed at once from our consideration.

Now, there are some other matters which have taken up a certain amount of time; for instance, the question of what distribution of the sub-contracts was made by the Committee.

The manufacturers were summoned by General Hughes to assemble and to meet him to discuss the possibility of shell making munitions in Canada. A number responded to his invitation, and they themselves selected as their Chairman and representative General Bertram. He was also selected as Chairman of the Shell Committee, so that the distribution of the contracts among the manufacturers who showed sufficient interest in the enterprise was abundantly protected by the presence of General Bertram who acted as their nominee, and also acted as the Director of Contracts, if I may so call him for the Shell Committee.

But we are not here examining any question of favouritism, or nepotism, or the distribution of sub-contracts among a certain class or another, that is entirely foreign to the inquiry. We are not directed to go into that. That is a matter which would properly be investigated if the British Government desired it; but so far we have had no notification that that kind of investigation is at all desirable. There is another question which has loomed very large in this inquiry, and that is alleged exclusion of Canadian manufacturers in favour of the American manufacturers. That I submit is wholly irrelevant except in so far as it may be shown by the evidence that there was a deliberate exclusion of Canadian manufacturers in order to compel the Shell Committee to award the contracts in question to the particular firms which received contracts; otherwise the question of the policy of the Shell Committee is really not a matter to be reviewed by you, sirs. That is a matter on which opinions may differ. I submit that upon the evidence it is impossible to have any doubt as to what conclusion one should reach. Mr. Carvell has boldly asserted that the elbowing out, as he called it, of the Canadian manufacturers, was done by Col. Carnegie, assisted and abetted by General Hughes. He added that these men were determined that no fuses should be made in Canada. He added that Allison had to get this contract on the instructions of General Hughes. He said that this was a blow to Canadian manufacturers, deliberate, with malice aforethought. He said that it was a most dastardly attack and struck a blow at Canadian manufacturers. Of course if that

were true, if this was a deliberate, dastardly attempt to exclude Canadian manufacturers in order to give the contract to people who were proteges of the Minister of Militia and in order to enable his friend Allison to get a commission, that would be material and pertinent evidence; but unless you come to that conclusion, the policy of the Shell Committee or their possible mistakes in coming to the conclusion that it was only in the United States that fuses could be made in time, or their treatment of Messrs. Harris and Russell—all this is entirely beside the mark unless you are prepared to go as far as Mr. Kyte's counsel has gone and assert that this was a deliberate scheme in order to attain a definite object. Let me just remind you of what the evidence is. The Shell Committee was created by General Hughes for the very purpose of engaging Canadian manufacturers to make munitions. I need not read over the series of cables that passed between him and the War Office, in which he urged that munitions could be successfully made here. The whole object of the creation of this Committee, the principal object of it was to secure for Canada the manufacture of munitions. Then his first step was to convene all the Canadian manufacturers that he thought available in order to meet him and discuss the prospects of munition making in Canada. He personally saw a number of them, and urged upon them the desirability of their giving a hand in this patriotic work. He was instrumental in getting the War Office to adopt basic steel for the manufacture of shells. Col. Cantley told us that he was a great factor in that respect, and without his intervention it would probably have been impossible to get the British Government to give the shell orders which subsequently came, because the War Office had a prejudice against the use of basic steel.

The only steel that was practical was acid steel, and it was largely owing to the effort made by General Hughes that this objection was overcome, and that subsequent orders came to Canada. Then we must bear in mind that apart from the numerous orders which have come to Canada and which are engaging the attention of the present Munitions Board, this very order for five million fuses which was obtained provided for Canada seventy millions out of ninety millions for manufacturing in Canada; and it seems inconceivable that the charge should be made against General Hughes and the Shell Committee, incidentally, that they were trying to exclude Canadian manufacturers when they were actually providing seventy millions out of ninety millions for Canada. The fact that twenty millions were awarded to American contractors depends upon the judgment of the Shell Committee and its advisers, but it cannot be traced to the influence of General Hughes, because it was only after the Shell Committee had decided to place the orders in the United States, General Hughes always entertaining the desire and the belief that these munitions could be made in Canada, that General Hughes then endeavoured to intervene in order to try and get the prices lowered; it was only after that decision had been come to by the Shell Committee and its advisers. It is a curious circumstance too, that General Hughes saw two of the principal Canadian manufacturers who are alleged to have been elbowed out through his influence, in order to induce them to enter into the manufacture of fuses. There were three instances given by Mr. Kyte's counsel of Canadian manufacturers being elbowed out by this supposed influence. There was Colonel Nicholls, then there was Messrs. Russell and Harris, and finally Mr. Melville White. Now, it is proved beyond a doubt that General Hughes saw Colonel Nicholls, endeavoured to get him interested in the manufacture of fuses, and so far from being elbowed out, Colonel Nicholls, after mature consideration, after considering all the risks of an could not recommend it in the interests of his shareholders. Then again in New York General Hughes took an early opportunity of inducing Messrs. Russell and Harris to enter into this fuse manufacture, and he referred to the Shell Committee and the subsequent interviews between the Shell Committee and these gentlemen were absolutely uninfluenced by anything that General Hughes said or did. You will please bear in mind that the military members of the Commission—I refer especially to Colonel Harston, and General Pease—according to the testimony of Colonel Harston,



were of the opinion that the fuses could not be manufactured in time in Canada. The suggestion so far from coming from General Hughes came from these military gentlemen together with the adviser of the Shell Committee, who, after mature consideration, after investigating the whole subject, came to the conclusion, rightly or wrongly, that they would have to go to the United States in order to get these fuses made in time.

Now, another question which has been the subject of some investigation was whether the Shell Committee were justified in making advances to the American firms while denying them to the Canadian firms. That again could only be relevant if that were shown to be part of the deliberate scheme to exclude the Canadian firms altogether in favour of American firms that were protected by the Minister of Militia. Upon that point I do not intend to go over the evidence. You will recollect the misunderstanding which occurred in regard to the advances between Mr. Russell and Col. Carnegie, and just as those gentlemen determined to bury that controversy I think we may also bury it. There is no reason for supposing there was any sinister motive influencing Col. Carnegie when he told Mr. Russell that they had made no advances. He was evidently referring to the Canadian manufacturers, because at that time he was referring Messrs. Hughes and Russell to the very American firms with which he had been dealing, and he could not have expected that on being referred to them and on seeing these firms Messrs. Russell and Harris could remain ignorant for a moment of the fact that they had got advances.

Hon. Mr. DUFF: Is there any suggestion—I do not know whether Col. Carnegie was asked the question—why it would not have been a reasonable thing, in view of the fact that this contract was being given to Harris and Russell with the object of starting the manufacture of fuses in Canada, for him to have suggested himself?

Mr. LAFLEUR: For Col. Carnegie?

Hon. Mr. DUFF: Yes, that they were fairly entitled to the terms that the Americans had got.

Mr. LAFLEUR: Of course that would have been really discriminating against the other Canadians who were not requiring it.

Hon. Mr. DUFF: That was the only suggestion I heard made; is there any other suggestion?

Mr. LAFLEUR: That is one that appeared to me.

Hon. Mr. DUFF: Because it does not appeal so very strongly to one after the emphasis that has been put upon the great difficulty of manufacturing fuses as distinguished from every other part of the rounds of ammunition.

Mr. LAFLEUR: The matter had not been considered from the point of view of the fuse making.

Sir WILLIAM MEREDITH: Would not there be this present to the mind of the Shell Committee, "If we make advances to Russell and Harris for Canadian business all these shell manufacturers would want similar favours"?

Mr. LAFLEUR: Yes, they could have had to explain.

Mr. NESBITT: The point is the American firms were dealing with a foreign Government and they insisted on 25 per cent advance.

Mr. LAFLEUR: Oh yes, I was coming to that. I was going to add it was impossible to do business with the Americans at all without advances, because they were dealing with foreign governments, and they would not do business otherwise.

Hon. Mr. DUFF: Yes; but the fuse being what it was, and as the American firms were getting the advances as distinguished from the other parts of the shell, of course the reasonableness or unreasonableness of the thing is only—

Sir WILLIAM MEREDITH: But that was all after these contracts had been entered into; it was in the month of July.

Hon. Mr. DUFF: Yes.

Sir WILLIAM MEREDITH: What possible bearing could that have upon the question we are to discuss, or what motive it could have been?

Mr. LAFLEUR: I do not see how it could assist us in arriving at any conclusion.

Hon. Mr. DUFF: I do not myself see it has any very direct bearing. I have been turning it over in my mind to try and explain to myself.

Mr. LAFLEUR: One likes to get a satisfactory explanation if possible upon all these points; I am only concerned with showing that this was not part of a deliberate scheme to foist these two nefarious contracts upon the Shell Committee.

Sir WILLIAM MEREDITH: It was after the event.

Mr. LAFLEUR: Yes; and what possible bearing can that have upon the inquiry? However, as representing General Hughes, I cannot dissociate myself from the Shell Committee, or pretend we are not concerned with its prosperity and welfare, and its good name and reputation; and if I can successfully answer any of the inquiries made by you I shall be only too glad because General Hughes, while he is not here to justify every act of the Shell Committee, in order to justify his own conduct, he is nevertheless concerned, deeply concerned, in the Shell Committee, and desires to stand by it. It is unnecessary I think to go any further on this point. It is not a matter which is at all relevant to this inquiry, or which can in the slightest degree throw any light upon the contracts which are under investigation.

Then there is another subject which has attracted a good deal of attention and perhaps impressed Mr. Commissioner Duff, and that is a question as to whether the Shell Committee or Colonel Carnegie misconstrued the cables with reference to the graze fuse.

Hon. Mr. DUFF: A point that was impressing me with regard to that—I suppose perhaps it is a matter that Mr. Nesbitt will deal with more particularly as he is representing the Shell Committee—goes a little farther than misconstruction. I have a great deal of difficulty in understanding how a serious, diligent reading of the cables by a man of Colonel Carnegie's knowledge would not have put him in possession of the intentions of the War Office at that time. As I said yesterday, his conduct as far as I am concerned shows to me very clearly that he himself, for whatever reason it was had the belief that it was a case of five million time fuses. It is not a question of the honesty of his conduct at that point at all—I confess I see nothing in Mr. Carvell's contention there—but I cannot understand what happened upon the theory of any sort of diligence at all. It was a big contract he was dealing with, five millions—twenty million dollars; there was at that time, according to the cable, one and two-third millions only of time fuses.

Mr. LAFLEUR: May I suggest this; we have been here over a month, and we have had an opportunity of considering these cables at leisure. We have brought the scrutiny of several minds upon these. Now, just consider—it always reminds me of the arm chair strategists who win battles in their study and who know all that should have been done in the stress of the battle; just think of the stress under which those men were working.

Hon. Mr. DUFF: I know the Court Martial has to consider the conduct of an officer in the thick of a battle, and I myself have had to consider, and every judge has had to consider—one of the most painful cases I ever had to deal with in my life is a case I have in mind now in which I had to hold that the master of a vessel was guilty of culpable negligence because he did not put his vessel to sea instead of hugging the shore as he did. I had to deal with the position of a man facing a sudden emergency. There is no sudden emergency during this period of six weeks, you know.

Mr. LAFLEUR: Perhaps there was urgency of the gravest character, and these men were working overtime.

Hon. Mr. DUFF: That is a consideration that I have thought of, and may explain it.

Mr. LAFLEUR: Colonel Carnegie had travelled down to New York and gone west, and all these cables were coming in day by day, and he had to catch up with the arrears when he returned from his investigations beyond the city; you have to take all that into consideration.

Hon. Mr. DUFF: That pressure was no doubt on Colonel Carnegie, the pressure of having thrust on him business that he ought not to have been doing at all, negotiating contracts instead of attending to his proper business of Ordnance Adviser, and that may be the explanation of it, although I confess it does not appeal to me at present as a convincing explanation.

Mr. LAFLEUR: After all this month of quiet deliberate study of these cables we—I am speaking of the counsel here, and with deference to the Commissioners—cannot agree. Some of us think that Colonel Carnegie rightly interpreted those cables, and I think the argument is very persuasive if you look at the cables and scrutinize them carefully. It may not appeal to you, Mr. Commissioner Duff; but let me say this, admitted that it is an ambiguous question, it is one which is not so clear upon its face—

Hon. Mr. DUFF: If I thought the question was an ambiguous question that would be absolutely the end of it.

Mr. LAFLEUR: It is with most of us.

Hon. Mr. DUFF: I quite understand a casual reading of that second cable may have given a sort of impression that something was intended other than what had been expressed in the previous cable, but I cannot understand anybody taking that second cable as conclusively settling the point that might be raised by it, that a change had been made in the terms of the cable of the 17th April. I can understand it raising doubt in his mind, but there was an easy way to settle that doubt. A cable to the War Office would have settled it instantly. And there is this other difficulty—

Mr. LAFLEUR: The difficulty was ultimately resolved; they did cable.

Hon. Mr. DUFF: There is this other difficulty, and that is this, that Colonel Carnegie says that he read the cable of the 17th April and understood it just as I interpret it. On the very same day on which he wrote he made a tentative arrangement for five million time fuses. It is a curious thing. I think there must be some mistake there.

Mr. LAFLEUR: I am assuming that there may be some mistake.

Hon. Mr. DUFF: I am not saying for a moment he is not giving his own recollection accurately with regard to what occurred there. What I am more inclined to think is that he did not read that cable of the 17th April carefully before he entered into that arrangement with Harris.

Mr. LAFLEUR: That is possible, but of course the moment you reach the conclusion that if there was a mistake it was an honest mistake, and that you cannot impute to him or the members of the Shell Committee or to General Hughes any misconduct with respect to this error, if error there was, my purpose is attained. I am perhaps trespassing upon the ground that is going to be occupied by Mr. Nesbitt; and in my view which I have had the honour to submit to you as to the scope of this commission, that is excluded from our consideration, and I am only answering it subject to this preliminary objection, and because of the desire of General Hughes to assist in the defence of the actions of the Shell Committee in which he has always been so deeply concerned. Having said that much I think I may dismiss that part of the subject from consideration. So far as General Hughes was concerned, assuming that there was an error in regard to that cable, I think the evidence is convincing and conclusive that General Hughes did not know anything about graze fuses until his return from Europe. I do not know if I need to insist upon that. I know with what I must call extraordinary temerity, the learned counsel for Mr. Kyte has asserted that General Hughes must have known about graze fuse when he went down

from New York in the end of April or beginning of May. What possible evidence there is in support of that I am at a loss to understand.

The evidence is overwhelming that all the negotiations during the month of May were in regard to the time fuses, nothing but time fuses, nobody knew anything about graze fuses at that time.

We have the positive testimony of Cadwell and of Patterson upon that subject.

How it can be imagined that anybody was talking of anything but time fuses I do not know. General Hughes must have known at the time he hid himself down to New York, as counsel put it, to get that contract the moment it was obtained from the War Office—how he could have known of anything about graze fuses passes my understanding.

That is one of the assertions not only unwarranted by the evidence but refuted by all the evidence.

A few words now on the question of urgency. You will recollect that General Harston, referred to by Mr. Ewart, was so much impressed with the urgency that he wanted the International Arms and Fuse Company to take the contract at \$4.90.

He thought, looking at it as a military man, that those six weeks occupied with these people in cutting down the prices were so much time wasted. He would have paid \$5 for the fuses, and said that it was also the view of General Pease at the time.

In so far as General Hughes is concerned, the proof is also overwhelming and uncontradicted that the only interference at all on his part was in an attempt to get the prices lowered.

I am not concerned with showing that Allison succeeded in that mission. It is not necessary for me in order to rebut the charge of a fraudulent conspiracy to give this contract to Allison in order to make a profit or a commission, to show that Allison really succeeded in lowering prices.

All the evidence available has been already cited to the Commissioners, and I am not going to refer to it again.

What I submit is that the mission on which he was sent was obviously not a mission to get contracts or to secure contracts, but a mission for the purpose of lowering prices.

Hon. Mr. DUFF: And hunting up competitors.

Mr. LAFLEUR: And hunting up competitors incidentally.

While I am upon that point, it may be convenient to deal with the alleged knowledge of General Hughes as to the commission Allison was to get from these contracts.

In the first place, the terms of his agency must have precluded the idea that he was going to be interested in these contracts. He was not sent down by General Hughes with a view to getting contracts.

Reference has been made by the learned counsel for Mr. Kyte to these long antecedent conversations in which General Hughes expressed no disapproval of the taking of commissions by a broker on munitions contracts.

But how does that throw any light upon the state of mind of General Hughes when he was employing his friend who had assisted him very generously and very successfully in various missions, and which were not compensated for in any way.

There was no talk of compensation in regard to those; that question was left entirely open. But General Hughes intended to see him compensated and to have his expenses paid.

How could it have been in the mind of General Hughes when he sent him down on that mission that Allison was going to be interested in any contracts, or that he was going to get any commission on them?

I say the idea is preposterous, in view of the object General Hughes had in view.

Again, how can knowledge of a possibility of these commissions be imputed to General Hughes, when he was not aware even of the connection between Allison and Yoakum?

That was a fact utterly beyond his knowledge, and there is not a suspicion that he was aware in the slightest degree of the previous dealings between Allison and Ypakum.

Again, how improbable it is that General Hughes should have had any knowledge about commission on this contract in the beginning of May, when he sent Allison down, when Allison himself could not have known whether there was anything coming to him out of the contracts or not, because we have the evidence here (and fortunately it is supported by documentary evidence) that it was only on the 4th of June, when Cadwell, Bassick and Yoakum came to the conclusion that they would divide that money on a commission basis.

Mr. HELLMUTH: The 10th of June.

Mr. LAFLEUR: We have the document on the record.

Hon. Mr. DUFF: The hotel memorandum, you mean?

Mr. LAFLEUR: Yes, at page 997.

Taking all these facts into consideration, it seems to me that they dispel any possible suggestion that General Hughes thought there would be any commission or profit of any kind coming to Allison on account of these contracts.

Hon. Mr. DUFF: I would not want to put General Hughes' position on the general assumption as to what the precise arrangement between Allison and Yoakum was. I should not like to rest, or to say that General Hughes' position rested upon any precise view as to what the exact arrangement between Allison and Yoakum was.

Mr. LAFLEUR: No, not at all. It is supported by documentary evidence. Cadwell was telling us the absolute truth.

Hon. Mr. DUFF: He said he knew nothing about Allison.

Mr. LAFLEUR: Absolutely nothing. Allison was quite indifferent to him.

That there should be a commission out of this contract only emerged on the 5th of June. Prior to that there was no commission in sight, and I don't think it was expected by Cadwell at all. Cadwell expected the gentlemen associated with him to go into the manufacturing enterprise.

Hon. Mr. DUFF: That is going too far. Cadwell says that for some considerable time (taking his evidence literally) he had been pretty well satisfied that Bassick did not intend to go into the manufacturing enterprise. The impression I got from Cadwell's evidence was that he did not consider Yoakum seriously as a manufacturer.

Mr. LAFLEUR: Yoakum was a wealthy man, of course.

Sir WILLIAM MEREDITH: He expected up to the early stages, not that they would manufacture, but would put money into the concern.

Mr. NESBITT: That they would take their share of the machinery that was going to be called into existence.

Mr. LAFLEUR: That is what I mean by, going into the manufacturing proposition.

Hon. Mr. DUFF: That is more a question for Mr. Henderson to deal with.

Mr. LAFLEUR: I do not care to elaborate that, because the other considerations I have mentioned are sufficient for my purpose.

Hon. Mr. DUFF: What impresses me is, the point you took a moment ago. That mission looks to me more like a personal mission, something between General Hughes and Colonel Allison for the purpose of facilitating something in which he was very much concerned. I cannot myself see, and I cannot follow Mr. Carvell's argument that that would imply in itself any idea of commission; nor can I see that it ought to have been supposed, from anything that had been said before in regard to commission generally between Allison and Yoakum.

Mr. LAFLEUR: There was another suggestion made by Mr. Carvell, to which I wish to refer.

He suggested that the \$25,000 that was agreed to be paid by Yoakum to Allison was for the influence Allison had. He left us to guess (and he somewhat assisted us in our guessing) as to the person on whom that influence was to be exercised.

Is it fair for counsel to make suggestions of that kind, when we have it in evidence that the arrangements between Allison and Yoakum with respect to that \$25,000 antedated any suggestion of these fuse contracts. We have the evidence, and we have a letter.

Mr. NESBITT: And the cheques.

Mr. LAFLEUR: I refer to page 1002 of these proceedings, which gives the cheques.

The first cheque is dated the 12th of March, 1915, and the letter is dated May 6, 1915, and is addressed by J. Wesley Allison to B. F. Yoakum:—

I have your esteemed favour of the 15th instant enclosing cheque for \$10,000 as the second payment on account of our agreement of February last *re* your interest in the Allison Supply Company leaving a balance due of \$5,000.

In the face of that evidence, my learned friend Mr. Carvell had the temerity to assert that this \$25,000 was paid by Yoakum to Allison in order to secure his influence for these contracts.

Mr. NESBITT: The Canadian contracts were not then thought of.

Mr. LAFLEUR: They had not been thought of, they were not even in the air at that time. The agreement was in February, and on May 6th the letter was written which acknowledges receipt of the second payment. I have given the date of the first payment as the 12th of March. The letter refers to the agreement as having been made in February. There was a payment of \$10,000 made in March, and another later on.

How can you connect that agreement or arrangement for the payment of \$25,000 with the Allison interest in these contracts?

Hon. Mr. DUFF: General Hughes' position does not rest upon any particular view of the arrangement between these people, as far as I am concerned.

Mr. LAFLEUR: I am not asking the Commission to take the verbal evidence of these people as sufficient, but only where it is supported by documentary evidence.

Hon. Mr. DUFF: Quite so.

Mr. LAFLEUR: I have not made any citations from their evidence except where their evidence is so supported.

In the face of that documentary evidence, how can it be contended that that payment was for the influence of Allison over the Minister in regard to these contracts, which were not even thought of at that time by anybody?

Sir WILLIAM MEREDITH: I rather gathered from Yoakum, from the style of man he was, that he would have told us plainly that he did not see anything wrong in this thing.

Mr. LAFLEUR: I cannot see how any strictures can be placed upon his evidence. He told us with the greatest sincerity and frankness about his dealings. From his point of view there was nothing wrong. He was under no obligation to our Government or to the British Government as to not making any profits out of fuse or munition contracts. He was out for what he could make. He said he was a business man, and was not ashamed of what he had done. He told us with the utmost frankness and candour what he had to do with these contracts, and I do not see the slightest reason to doubt his sincerity in what he told us.

I am only taking the opportunity of referring to his evidence and Allison's evidence where there is documentary evidence and conclusive documentary evidence, to support it.

The only bit of evidence, if it can be called evidence at all, that there was of any influence or pressure exercised by General Hughes is to be found in the evidence

of Mr. Lloyd Harris. I don't know whether I should go into that at all or not. There is a possible explanation.

Sir WILLIAM MEREDITH: At most, that is only a statement by Colonel Carnegie.

Mr. LAFLEUR: Yes. Let me point out that that evidence did not come quite spontaneously from Mr. Lloyd Harris. He was somewhat assisted by counsel in the making of that statement, as to the form in which he did make it.

I will refer to his evidence at page 606 of these proceedings:—

Q. Did you also on either of those occasions tell Sir Robert what you have said as to pressure having been applied to the Shell Committee in giving those contracts to the American Companies?—A. I think that statement was made in our conversation on the 1st of October.

Further down, at the middle of the page, this appears:—

Q. Was that what was operating on your mind as to the meaning of the term "pressure having been applied"?—A. No, it was not.

Q. Now, did you understand that pressure was coming from some person—well, I will put it, some person higher up than the Shell Committee?—A. That was the impression that I had, yes.

You will see that with that assistance Mr. Harris said "That was the impression that I had."

Mr. CARVELL: Russell goes farther than that.

Mr. NESBITT: No, he steps back.

Mr. LAFLEUR: Mr. Russell does not testify to hearing that conversation as I remember it.

Hon. Mr. DUFF: Yes, and he says what the impression conveyed to his mind was. Mr. Ewart put to him a few questions which were put to Mr. Harris, the answers being to the effect that he would not dispute Mr. Harris' statement, that they might have meant pressure of circumstances, the pressure of the War Office. He did not say that he thought it was—he was under the impression that it was pressure of General Hughes.

Sir WILLIAM MEREDITH: There was a statement made by Harris that he did not take the view suggested by his evidence until after the subsequent event had happened when he was asked to tender. Then looking back, he gave that evidence.

Mr. LAFLEUR: On looking back he gave that evidence. He was a disappointed contractor. He had a grievance. He had been disappointed, and I think there is no doubt he put a colour upon events, which was perfectly innocent, but which loomed up in his imagination to an extraordinary degree.

Take that statement in regard to him being sent to Allison to get a contract—

Hon. Mr. DUFF: Does anybody seriously suggest that that memorandum is not a genuine thing?

Mr. LAFLEUR: Not at all. But the memorandum does not bear out the suspicion.

Hon. Mr. DUFF: Do not misunderstand me, Mr. Lafleur, I do not mean to say, and I am not meaning to say that the effect of the memorandum is that he was told to go to Allison to get a contract. I do not mean to say that that is the effect of it.

Mr. LAFLEUR: That is what he testifies to.

Sir WILLIAM MEREDITH: He said in answer to my question that he understood he must deal through a middleman.

Mr. LAFLEUR: Surely. I have a reference here from page 556 on, and from pages 583 to 609 throughout.

Sir WILLIAM MEREDITH: One thing that struck me about Lloyd Harris and Mr. Russell was—I know one of the gentlemen very well—but I am surprised to find

business men in business relations keeping documents of this kind, and I am surprised, where there is a difference of opinion, or where there is any question about what takes place, the man who writes that or the man with whom he has been dealing does not do him the justice of writing "That is my view of what took place."

I do not think business can be transacted in this country if that kind of thing is going on all the time. It is quite new to me.

Mr. LAFLEUR: There is no doubt whatever that he put it that way. He was examined, cross-examined and re-examined on that point.

Sir WILLIAM MEREDITH: What would be the object of keeping that report? It was suggested that it was for the purpose of reporting to his board.

Mr. LAFLEUR: That is what he commits himself to again and again, that if he wanted to do anything further in the matter he would have to go to Colonel Allison.

Hon. Mr. DUFF: Take it in connection with the explanation which was made, that Allison was engaged in getting certain manufacturers together in the United States. Take the whole thing together.

Mr. LAFLEUR: Let me read further:—

Q. What did you understand by the statement then that negotiations were in Allison's hands?—A. That the matter of negotiating contracts for the fuses he stated was in the hands of Colonel Allison.

"I was there to negotiate with the Shell Committee, and was told to go and see Colonel Allison"—apparently to drop negotiations with the Shell Committee and go to Allison.

Allison's name was mentioned twice. "When I said I was going to put in a proposal he said to go to Allison."

If that does not convey the idea that there was a middleman he had to go to, I do not understand the English language.

At page 588 the memorandum does not bear any such interpretation as that. The memorandum simply contains language which is absolutely in accordance with what you, Mr. Commissioner, understood to be the purport of Lloyd Harris' testimony.

If he had gone no further than that; if he had simply said what was contained in the memorandum, there would have been no objection at all and no surprise upon our part, because it was a perfectly natural thing to do, to put him in touch with Allison who was engaged in looking up companies and capitalists in the United States who would engage in such co-operation.

At page 588 will be found the statements in the memorandum:

"Have arranged with firms to co-operate and the matter is in the hands of Colonel Allison and advised our getting in touch with him". And farther down, "He claims that the business is very difficult and ridicules any statement that a plant to make 4,000 daily could be got running in 60 days. Says work will have to be done in different plants and thinks we should get in with Allison and work with him."

There is no suggestion there that he was a middleman through whom contracts had to be obtained.

The learned counsel for Mr. Kyte has said not only was this statement made in the memorandum, but was also contained in the memorandum which was submitted by Lloyd Harris and Mr. Russell to the Prime Minister.

I have examined it and cannot find a word about that.

Hon. Mr. DUFF: What Mr. Harris said was that he communicated it orally to the Prime Minister..

Mr. LAFLEUR: If you look at Mr. Russell's testimony upon that point at page 1294 you will find that he puts a very different colour upon the whole thing. This is his account of the incident:



"Q. Were you present at any interview with any members of the Shell Committee when Allison's name was mentioned?—A. Well, I only recall it being mentioned rather casually at the meeting on the 13th of May.

"Q. How was it mentioned then?—A. My recollection is that General Bertram asked Mr. Harris if we had seen Colonel Allison at all in the matter.

"Q. Yes?—A. And he said that we had not gone to see him, but he had been speaking to him on another matter on the telephone and the fuse question had been mentioned.

"Q. Mr. Harris said this?—A. Yes.

"Q. In a casual way?—A. Yes."

That is far from confirming the testimony of Lloyd Harris when he would have us believe that he had to go to Allison to get a contract. That casual reference to Allison is consistent with what is contained in Mr. Harris' own written memorandum, but it is not consistent with the suggestion made by Mr. Harris before he was cross-examined and before that memorandum came out, because, when that memorandum came out at first he was asked whether he was not mistaken in what he first said, and he replied that his memorandum read that way—that is, in a way not consistent with his testimony. He said that that was not what he had in his mind.

Are the Commissioners going to take his memorandum as to his recollection, or are they going to take his subsequent memory, more or less affected as it is by the disappointment and the feeling that he had a grievance?

Without imputing any bad faith at all to Mr. Harris, I really think his imagination was somewhat distorted.

Hon. Mr. DUFF: I have not the shadow of a doubt that he was affected by what had occurred, and that his recollection was affected by what had occurred.

Mr. LAFLEUR: A very familiar experience in anybody's life.

There is another feature upon which I wish to make an observation or two.

I thought we had examined all the people that were available who could throw any light upon the question at issue. But it appears that the learned counsel for Mr. Kyte is not satisfied, and he suggests that Mr. Lignanti has not been heard, to give an account of his \$50,000 or whatever he may have been entitled to on this contract; also that Craven has not given an account of the disposition of his \$30,000.

Mr. CARVELL: I made a statement recorded at pages 605 and 606, that he had two conversations with Sir Robert and that in one of those conversations he spoke about it.

Mr. LAFLEUR: I am not taking Mr. Lloyd Harris' recollection, because I think it has been affected. But I am taking his memorandum made at the time, and the memorandum which he sent to Sir Robert is the best of evidence.

Hon. Mr. DUFF: Mr. Carvell had in his mind that evidence, and he did (because I noticed it at the time) say that it was in writing.

Mr. LAFLEUR: I am not suggesting that Mr. Carvell intentionally mis-stated the facts. I am just pointing out the error under which he was labouring at that time.

There is an observation I have to make, though, about Mr. Carvell's complaint that Lignanti and Craven have not been here to explain what was done with their shares of what he was pleased to call the plunder, or the spoils. What possible interest have we in knowing what Craven is going to do with his \$30,000 or what Lignanti is going to do with his \$50,000, unless the learned counsel intends to suggest that some part of that money found its way into the pockets of General Hughes?

I cannot understand why these suggestions are made unless it is intended to make that charge, and I must resent that process of insinuation.

Hon. Mr. DUFF: Do you not think it may have some relation to Colonel Allison?

Mr. LAFLEUR: But what interest have we in knowing whether Craven divided up with Allison? It is not a matter of public interest, and nobody cares a rap whether he divided it or not.

My learned friend says he must have divided up with somebody.

This investigation would never have been instituted to ascertain whether Bassick, Craven or anybody else of these people divided up. That is of no public interest. This Commission is for the purpose of ascertaining whether the Minister of Militia has had any part in any nefarious transactions, and whether he has any portion of this money.

Unless it is intended to suggest that, I cannot imagine why the learned counsel wants us to go to any trouble to ascertain about the presence of those men here.

I should think a very little coaxing would have brought Craven here. I saw him in Ottawa during the sittings of the Commission, and I thought the learned counsel or some of my friends on the other side would have taken the opportunity of examining him if they saw fit.

On a previous occasion before this Commission I understood the learned counsel to state that Mr. Kyte did not intend to charge General Hughes with appropriating any public moneys.

They shrink from that charge. When they are asked whether they really intend to charge that General Hughes got any part of the moneys they say no, that that is not what they intend to do, and that they make no such statement.

But what do these insinuations mean if they do not mean that? Because we have no possible concern with the division of the money between these persons, who have absolutely no public position and are under no duty to account to us or to the Government of Great Britain.

I submit that these insinuations should not be made unless the learned counsel is prepared to support them with something more than his own suggestions.

Mr. CARVELL: It is on page 606. I knew I was right. I do not find any fault with my learned friend's argument, but I do object to being charged with misstating facts.

Hon. Mr. DUFF: You object to being lectured?

Mr. CARVELL: No, sir, I take all that. When I come to the main facts I like to be accurate. I asked him: "Q. Did you furnish Sir Robert with an additional written report after the 2nd of October?—A. I furnished him with a copy of that memorandum of the conversation that I had on the 6th of May in Montreal.

"Sir WILLIAM MEREDITH: He said that before.

"Hon. Mr. DUFF: Not only that, but he said he sent it by letter I understood.

"Mr. MARKEY: When?

"Mr. CARVELL: And did you furnish a copy of these memoranda at Sir Robert's request?—A. I did, November 16."

Hon. Mr. DUFF: I had entirely forgotten that.

Mr. CARVELL: I thought I was correct in regard to the facts.

Mr. HENDERSON: My learned friend is still mistaken. If he will look up on that page it was not the reference spoken of.

Sir WILLIAM MEREDITH: I understood Mr. Henderson was to follow. Somebody said so.

Mr. HELLMUTH: Do my learned friends on the other side think they can possibly get through to-morrow, if they cannot get through to-night? I have lived in this Commission for the past six weeks.

Sir WILLIAM MEREDITH: Perhaps Mr. Laflamme will say how long he is going to take.

Mr. LAFLAMME: One hour.

Mr. ATWATER: I can say what I have to say before Mr. Laflamme.

Sir WILLIAM MEREDITH: Nobody is attacking you or yours.

Mr. ATWATER: There will be nothing controversial in what I say.

(The Commission adjourned at 5.40 p.m. to 10 a.m. Friday, June 9, 1916.)



# ROYAL COMMISSION.

TWENTY-NINTH DAY.

MORNING SESSION.

OTTAWA, Friday, June 9, 1916, 10 a.m.

Sir WILLIAM MEREDITH: Now, Mr. Henderson, if you please.

*Argument by Mr. Henderson:*

Mr. HENDERSON: I of course desire, Messieurs Commissioners, to avoid duplication as far as possible, and having that in view I would ask you to adopt the argument of my friends who have preceded me, Mr. Ewart and Mr. Lafleur, as to the construction of the Order in Council; simply pointing out or emphasizing what Mr. Lafleur said, that each of the documents appended to the Order in Council is by specific reference incorporated in the Order in Council, and I would submit that the proper rule of construction would be that the specific references would limit the general terms of the order.

However, so far as Colonel Allison is concerned I have little to do with much that has been said as to the scope of the commission, but I would point out that the words so far as he is concerned appear on page 4, where Sir Robert Borden is quoted as having said in the House:—

“It is alleged that Mr. J. Wesley Allison had a very large interest in those profits or commissions and it is suggested that through his influence with the Minister of Militia, the Shell Committee were induced to make the contracts in question. The Minister of Militia and Defence had previously stated to the House his close relationship to Mr. J. Wesley Allison.”

Again, in cabling to Sir George Perley, the Prime Minister used the expression:—

“The minister’s relation to Allison as described by himself in Parliament is so close that,”—and so forth.

Having that in view, I take it, sirs, that we have to consider first of all what that relationship was between the minister and Colonel Allison; secondly, what influence, if any, arose out of that relationship; thirdly, whether or not the committee was affected by that influence in any way in connection with those contracts. And then I propose to deal as briefly as possible with matters which are, in a sense, incidental; that is, whether or not what Colonel Allison did had the effect of bringing down the prices, whether the minister knew of the fact that he had taken a commission, and generally as to the circumstances surrounding the taking of that commission.

Dealing first with the question of the relationship between Colonel Allison and the minister, it seems obvious that one must consider the character of the men. And I desire to keep prominent, in my mind at all events, the outstanding fact that Colonel Allison was a man of business, and of a business which was of such a nature as to make him useful to the minister in connection with the events which transpired after the beginning of the war. He was a broker, openly, avowedly a broker, in business as such, and my submission later will be that had he not been a broker, and had he not had the experience of a broker and the business connections which resulted from his dealings as a broker, he would not have been of use to the minister as he was.

I think it is fair that I should also emphasize the fact that he was not a newly-made broker, he was not a broker for the purposes of the war. I think, if I may say so, that Sir William Meredith made the distinction yesterday. He had been for years, and long years, in business as a broker, and his entering into what we call "war contract business" as a broker was merely a natural step, there being practically no other large business for a broker to do at that time.

Passing from that for the moment, first consider the minister. Little need be said about that, for you, sirs, know him now so well; but in passing may I say that whatever we may have thought of Sir Sam Hughes before the commencement of this investigation, it surely must now be clear to all of us who have had to do more intimately with this investigation, that he is a man of tremendous business capacity; an extraordinary judge of men, and a man who has successfully done big things in connection with the war.

It is also obvious that when the war broke out the staff with which he was surrounded—which had not been constituted for war purposes, which was on a peace footing in a very small way—was necessarily and naturally altogether inadequate to cope with the circumstances which then arose.

As to his friendship and his manner of dealing with his friends, that again has been described very well. But may I say this, that while it is true that Sir Sam Hughes does stick, and stick closely to his friends, that must be taken with this qualification, that in order that a man may continue to deserve and receive his friendship it must be really deserved because he knows the time when friendship ceases.

Then as to Colonel Allison. It could not be elaborated in evidence, but the fact is that for some reason or another, some time after the outbreak of the war, a campaign was commenced in this country with a view to discrediting the Minister of Militia. And an impression was sedulously conveyed to the people of the country that in some way or another he had surrounded himself with certain persons of questionable character, of whom Colonel Allison was perhaps the outstanding one. There was nobody to combat that, even the Minister himself at the time. We did not know, I say we Canadians did not know that Colonel Allison had been for years practically out of this country. We did not know the man, and I do not hesitate to say that I myself was one of those who had been led to believe—I do not know quite how—that while Sir Sam Hughes to those who knew him could not be thought of as one guilty of personal misconduct, he had by reason of his large-hearted generosity been led into having with him men of the type that I have suggested, and I did think that Colonel Allison was one of those.

Many of us thought that; but now we know the facts and I ask you, sirs, to deal with Colonel Allison, not as the man pictured by certain newspapers throughout the country before this investigation commenced, but as the man whom the evidence here deals with. I am not going to have him pose as a distinguished patriot; I am not going to attempt to paint the lily, I am going to present him to you as a man of business capacity such as to justify the confidence which the Minister reposed in him. The Minister had an acquaintance with him extending over a long term of years, practically—not actually, but for our purposes—commencing with the fight over the Morrisburg dam. You probably know what that means. It was not an

ordinary incident in legislation. There was a fight, a big, real fight, in which the American Aluminium Trust, one of the biggest financial concerns in the United States, was opposed to certain Canadian interests, certain Canadian interests supporting them. There was a fight at Washington, a fight at Ottawa, a fight at Toronto, and a fight before the International Waterways Commission which extended, and in point of fact is still going on. It was a fight for the control of the magnificent water-power at the Long Sault, which was deemed to be of enormous advantages to Canada, and in which Colonel Allison and General Hughes and many other Canadians thought—and I for one think rightly—that there was an attempt to divert to the United States one of the big assets of the Dominion of Canada, incidentally affecting the local property interests in the vicinity of Morrisburg, incidentally affecting the scenic route, the St. Lawrence route of travel.

Hon. Mr. DUFF: How far did that legislation get in the Parliament of Canada? I just ask for curiosity. Was there something introduced?

Mr. HENDERSON: There was some legislation introduced, it was the incorporation of the company and the powers of the company.

Hon. Mr. DUFF: Merely the incorporation.

Mr. CARVELL: I wish to question that. It was sought to make it appear that it had something to do with this.

Mr. HENDERSON: One does not always know what the objects of promoters are; but we know that there was a big fight.

My point, however, is that in that connection the Minister, Colonel Hughes, as he then was, discovered that Colonel Allison was a man who could do things in the United States by reason of the fact that he had connections with men—he could do things with big men. And I put it to you, sir, is it likely that a man of the type I described—I am not going to indulge in personalities, I must be pardoned if occasionally the thought comes into my mind that there is no difference between Mr. Kyte and Mr. Carvell, that when Mr. Kyte made his speech in the House of Commons it was the reproduction of his master's voice—but I do say this, that these gentlemen have seen fit to picture Colonel Allison as a man of the under-world. They have gone to that extreme—absurd suggestion when you consider the fact that he was, as this evidence shows, a man who had such business connections and enjoyed the confidence to such an extent of the biggest men in the United States, that he was able to do the kind of things that General Hughes has described to you.

There were many things in the course of this investigation which could not be brought out in evidence. You will remember—and I only mention it as throwing an interesting side-light—General Hughes saying he wished he could read to the Commission certain letters which he offered to read to the Commission. I say nothing further about this, but I do say this, that if when this war is over the whole history of this transaction is told, as compared with the little men who made these charges Colonel Allison will appear as a giant in business.

Now, that is the type of man with whom the Minister had to do. It happened as a fortunate circumstance that his home was on an island in the St. Lawrence river, near Morrisburg; and naturally when the war broke out, the conditions in the United States being altogether uncertain, particularly having in view the personality of the then Secretary of War, something had to be done. The War Office was urging the Minister to procure supplies, supplies which could be procured only in the United States, because the output of Canada was limited. We know of course that the output of Canada was used to the greatest extent at the time, but enormous quantities of supplies had to be and were secured in the United States. The first Canadian Expeditionary Force was equipped at Valcartier in a way that we all know of, and are proud of. That could not have been done—it would have been a physical impossibility—had supplies, and from our point of view supplies to a very large amount, not been brought in from the United States. It is a fact as has been stated in

evidence here that at that time not one manufacturer in the United States was prepared to consign goods to the Canadian Government; and later the Canadian Government in fact purchased goods direct and paid for goods direct, but those goods had to be brought into this country surreptitiously, not only those for the first Canadian Expeditionary Force, but further goods for the use of the Allies. That was done by Colonel Allison, and one has to resort to one's imagination a little because the evidence could not give it in detail. But we know it was done and well done. It was not an easy task, but we know that it was a task which could not have been performed by a small man; he had to have connections and facilities which an ordinary man could not have.

Now, remember this, sirs, you must not picture the man of action at that time as the mild mannered individual who was in the chair here. He has been sick, suffering from nervous prostration and nobody who has not been through that can know what it means. He is to-day ill. He is, when in action, a man of action, and he justified the confidence that the Minister had in him at that time, and justified it to such an extent that as the purchase of supplies grew and it became evident that something had to be done, some machinery had to be provided whereby that purchasing business could be properly and expeditiously done, the Minister thought and in fact decided that so far as he was concerned Colonel Allison and another similar type of man, General Drain, should be appointed as the heads of an American Purchasing Commission. That was a very great compliment to Colonel Allison. It was intended that that should be done, and in point of fact preliminaries were entered upon. I do not need to elaborate that story, because the Minister has told it very well. It is so thoroughly understandable that it needs no elaboration. That was the situation, those in authority at Ottawa thought proper—and nobody is criticising their wisdom at the time; it turned out that it did not work in the best way, but I am not mentioning that as a subject of criticism—those in authority thought proper to make other arrangements.

Now, I wish you to note in passing, sirs, that it was the intention that that work would be remunerative, either by way of commission as is the case with the Morgans, or by salary. That point had not been reached, but that proposition falling through Colonel Allison then started for the Old Country.

Sir WILLIAM MEREDITH: One moment, Mr. Henderson, how do you understand the evidence of General Hughes? Had he communicated to the Cabinet or the Prime Minister the names of these two gentlemen? I understood not.

Mr. HENDERSON: I understood not. I understood that he had not even communicated his idea.

Sir WILLIAM MEREDITH: Except the idea that something should be done.

Mr. HENDERSON: Quite so, that something should be done, and as General Hughes said, I think, he was tied up with his work at Valcartier and it took him longer than he expected, and before he returned to Ottawa the something was done by those in authority, but in another way. His recommendation was not overruled, because it had never been made. I think we may safely assume that if General Hughes had been in Ottawa his recommendation would have carried. However, he was not, and certain unfortunate misunderstandings arose out of that which I need not elaborate, but which with the help of the subsequent newspaper campaign to which I have referred all helped to create the impression in the public mind in Canada that in some fictitious way or other Colonel Allison was holding himself out in a way that he had no right to hold himself out. That however has been cleared up, and fortunately cleared up by the evidence taken before this Commission. I do not know that you need references to the evidence as to that, but I would just say that the relationship that I have referred to has been very concisely described by the Minister in his evidence at pages 1206 and 1207.

Sir WILLIAM MEREDITH: Just one word before you proceed to that. It was suggested, if not said, in the course of Mr. Carvell's argument, as I understood the

inference to be drawn, that Allison was not sick, that he was feigning sickness for the purposes of avoiding investigation. We have had nothing except what we could gather ourselves from seeing him in the witness-box as to what his condition really is.

Mr. HENDERSON: Except this, that you will remember, that apart from his own physician, who has been here with him during the whole course of the inquiry, Dr. R. W. Powell, one of the best-known men in Ottawa, was here in Court for the purpose of stating to the Commission, if the Commission thought proper, and I so stated at the time, what his condition was. That I take to be reasonable evidence of good faith as to his condition.

Just one point, when Col. Allison went to the Old Country the minister has told you of the conversation that took place about his taking commissions from Great Britain, taking commissions in connection with British work. The evidence as to that appears at pages 1235 and 1259, and in Col. Allison's evidence at pages 1155 and 1156. That is fresh in your recollection, and I need not elaborate it. He had apparently a sentimental objection to taking commissions on British business, and it was pointed out to him by the minister that there was no real reason why he should do that, the fact being that the policy of the British Government is not the same as the policy of the Canadian Government. There was a real reason for the distinction, as Sir Robert Borden's letter, which is in evidence, indicates the policy of the Canadian Government was to do business direct, either the Department, or the War Purchasing Commission, with the manufacturer. That was not the policy of the British Government. So far as the United States is concerned the British Government has avowedly and openly appointed the Morgans agents, paying a commission. General Hughes tells us that in the Old Country the same policy is adopted. Work is done through middlemen, and these men are remunerated by commissions, I fancy commissions paid by the manufacturers or suppliers with whom they do business, whom they bring into touch with the work. That without unnecessary elaboration is, I take it, the character of the relationship that existed between the minister and Allison before the question of the fuse contracts arose. The minister knew Allison to be a broker. Allison was a man in whom he had very great confidence. That confidence had up to that time been justified to the fullest extent. Before passing from that, may I say this, that when this inquiry commenced we were led to believe that my friends of the centre table had in their possession documentary evidence which would nail Col. Allison to the cross. I started out—and I must be pardoned for a personal reference—I started out as one wanting to know, and it was my business to search out certain rumours that were current concerning Col. Allison. I say now that I have yet to know of one single transaction on the part of Colonel Allison which is to his discredit. We had heard stories about the Morrisburg Tin Plate Works and things of that kind—I am not going into them—but I say that every single one of them is to his credit, and not to his discredit so far as I have been able to learn; and in personal conversations—because personal conversations do take place between opposing counsel, my friend Mr. Grant and Mr. Jacobs particularly, and my friend Mr. Johnston, are men, I am pleased to say, with whom one can have personal conversations, men to whom one can open one's mind—they said: "Oh, wait till Mr. Carvell gets at Allison on cross-examination in the witness box, and you will find your mind disabused, that he will nail him to the cross." Mr. Carvell came here with a brave show, a whole bag full of documents, obtained from patriotic editors, obtained anonymously, obtained dear knows how, all sorts and conditions of ways, and could one imagine a more miserable fiasco than his attempt to discredit Colonel Allison? The only real document he produced was a draft of a telegram in Colonel Allison's handwriting, which he had obviously fairly written before sending to the telegraph company, demonstrating the fact, as stated by General Hughes, that at one stage of the few days which elapsed when he thought he was going to be head of a purchasing commission he had actually obtained control of the entire output of ammunition of

the United States. I am obliged to my friend Mr. Carvell for demonstrating that fact, which was a fact. So there we have it. The man's reputation not only stands unassailed, but he has been proven on this investigation to be a real man of affairs. Please do not think that I am suggesting that he is the only man of affairs. He was one of many whose services General Hughes enlisted in connection with the general equipment of the first force, and in connection with the work he did for the Old Country. Colonel Allison is not the only man who deserves credit for assisting the Minister of Militia and Defence. As I stated before I do not want to pose for him, but I do say he is a man who could do things, who did do things, and who deserved the confidence which the Minister reposed in him.

That brings me, sirs, to the second point. Of course that relationship would result in a certain kind of influence. You can go to the man who has confidence in you much more readily than you can go to the man who has not confidence in you; and as to the character of the influence which existed, calling it influence, influence which Colonel Allison had over General Hughes, nothing more need be said except this, that I think it is safe to say that no man in this world can have any influence with a man of the type of General Hughes which can be irregularly exercised. I can imagine a man not knowing General Hughes going into that room of his, where some of us have spent a few hours within the last month, and suggesting something improper to him; but having regard to General Hughes' physique it is not difficult to imagine what the result would be, unless the man who made the suggestion were a man of most extraordinary physical capabilities. What is suggested? In the first place let me dispose, and I think I can do it very shortly, of the Lloyd Harris suggestion that in order to do business with the Shell Committee it was necessary to go and see Allison. May I say this, that when Lloyd Harris was in the box I had exactly the same idea which I say with proper deference, I think Mr. Justice Duff had yesterday of Mr. Lloyd Harris's action. Mr. Lloyd Harris is a reputable Canadian manufacturer at whom, I for one, desire to cast no stones. On the 6th May he had an interview in Montreal with General Bertram and Colonel Carnegie. He made a memorandum of that conversation at the time, and I take it that the memorandum speaks better than Mr. Lloyd Harris's recollection spoke when he was in the box. At that time it had just been suggested to him by the Minister that he should get into the fuse business. The Minister had been making that suggestion to every Canadian manufacturer whom he met, using every possible opportunity to get along in Canada, having that firm faith in Canada and Canadian manufacturers which he undoubtedly had. These men knew nothing whatever of the fuse business, they did not even know what a fuse was at that time. They asked the Minister what it was. He told them to go and see Bertram; that was his common prescription, "Go and see Bertram." They went to see Bertram, and naturally talking over the business with him and Colonel Carnegie—I am reading between the lines, of course, asked how they could get into touch with American manufacturers of fuses. They were told, as the memorandum stated in plain Anglo-Saxon, that Colonel Allison was at that time working with Carnegie—I am reading between the lines, of course,—asked how they could get into touch with American manufacturers they might very properly see Allison. That is all that the memorandum says, and it probably took place, I should say undoubtedly took place, having regard to the character of Mr. Lloyd Harris and the fact that the memorandum was made at the time; but remember, that when the question was put to Colonel Carnegie and to General Bertram by my friend Mr. Johnston, it was not in that way. It was before Mr. Lloyd Harris had been called to the box, and the question was put to them is it not the fact that you told Mr. Lloyd Harris that to do business he would have to see Allison? That suggestion of course was indignantly repudiated. But had it been put to them in the way it was put yesterday, and in the way I am putting it now, they would have said no doubt that happened; we were talking about fuse manufacturers, they were new in the business, and it would be the most natural thing in the world for us to recommend them to go and see Colonel Allison, who had been



able already, very quickly, to work up a combination of American manufacturers, and who could no doubt be of assistance to them. I do not desire to put Mr. Lloyd Harris's evidence before you in any other light.

Sir WILLIAM MEREDITH: There is this point that struck me regarding Mr. Lloyd Harris's evidence that perhaps has some bearing on that line of argument; that he did not deal through Allison, he continued to deal directly with the Shell Committee.

Mr. HENDERSON: Obviously.

Sir WILLIAM MEREDITH: If he had understood from them that the only way he could deal was through Allison it seems inconsistent that he would have taken that course.

Mr. HENDERSON: Surely. And then further; it is certainly not necessary to point out to you the source of that; it is a very common experience to find two perfectly honest men contradicting one another in the witness box. Mr. Lloyd Harris subsequently had what we call a grouch; it worked in his mind; the vague recollection of this incident came back to him, it was obviously not present in his mind when he prepared his memorandum to Sir Robert Borden. It never was in the mind of Mr. Russell, if we accept Mr. Russell's evidence in the box here. It was simply the case of a man with a grievance, that grows upon him, grows upon him honestly until he comes to believe it, and he goes into the box and swears to it; but when it was put to him—I say this again to Mr. Lloyd Harris's credit—that when it was put to him that his memorandum could read in the way I have now indicated he practically accepted that construction. I desire to say nothing further as to that.

What influence did Colonel Allison have, if any, with the Shell Committee? Now, again, whatever may be said about any errors of judgment on the part of General Bertram and Colonel Carnegie, because of course for our present purposes they are the Shell Committee, can any man say on this evidence that they did not do their own business free from any influence? We have, it is true, a few letters that the Minister puts in at late date, at a belated date, asking for something for his own constituents—

Sir WILLIAM MEREDITH: I understood Mr. Carvell to say in the course of his argument that that request had been acceded to by the Shell Committee, that they had given a contract to the Lindsay people.

Mr. CARVELL: They certainly did.

Sir WILLIAM MEREDITH: My recollection is that that is not the evidence, and that there was no contract got until the Imperial Munitions Board came into existence.

Mr. HENDERSON: I understood that to be the evidence.

Mr. CARVELL: There was no evidence of it.

Sir WILLIAM MEREDITH: I thought General Hughes said so.

Mr. CARVELL: No. As a matter of fact it was long before the Munitions Board came into existence at all.

Mr. HENDERSON: My recollection is the same as yours, sir, but for my purpose I would be content to accept my friend's statement. Mr. Nesbitt will no doubt deal with that.

Mr. CARVELL: I know the manufacturers, and I know when they got their contract, and the conditions, and all about it.

Mr. HENDERSON: I accept my learned friend's statement that he knows them, because we have the evidence they were party friends of his, very good Liberals. It was a proper thing that the patronage of the Shell Committee should be fairly distributed throughout Canada; it was a perfectly proper thing for manufacturers in the constituency represented by the Minister of Militia and Defence in a perfectly legitimate way to ask their representative in the House of Commons to do what he could for them to enable them to get business for that part of the country—a per-

fectly proper thing, and it is a perfectly proper thing for that to be done by their representatives. There is no suggestion in any one of these letters that there was any direction. What the Minister does say—my friend Mr. Nesbitt will no doubt deal with it in detail—what the Minister does say is that at the early stage of the proceedings certain personal suggestions which he had made looking to the giving of business in his own constituency had been disregarded by the members of the Shell Committee, that his constituency had been overlooked, and it was only at this late stage that he succeeded in getting any business for his own constituency.

But does that indicate influence over the Shell Committee? Is it not the more understandable that the Minister's attitude was just exactly what he says it was? He says that he always kept the situation such that when the time came, if it ever should come, he could put his thumb on General Bertram, big man as he was. But little things remain in one's memory sometimes, just exactly, I think, as the phrase that Sir Sam Hughes used in the House regarding the taking of commissions, that there was no reason why Colonel Allison should not take a commission any more than the man who made sausages, boots and breeches; so, to my mind, there is outstanding the little remark that Colonel Carnegie made that Colonel Allison had not more to do with the making of prices in these fuse contracts than that water bottle; and that was the fact. There is not one jot or tittle of evidence. One has to resort to the most small-minded innuendo to get out any kind of suggestion that in any way the members of the Shell Committee were influenced by the friendship that existed between Colonel Allison and General Hughes in the giving of these contracts. It is the other way about. They were looking for fuses. The group of men represented by my friend, Mr. Atwater, had been brought into existence. General Hughes knew of that. He had communicated with Colonel Allison. They were men of the highest standing, both financially and as manufacturers, none better; there is no suggestion that there could be any better. There was absolutely nothing wrong about them except their price, and I am sure even my friend, Mr. Atwater, would object to my saying that at that time their price was high; but there was just this other consideration that existed, as Mr. Patterson, I think it was, said, when in the box, he was asked whether it was a good business proposition for the Shell Committee to split up that five million order; he said he thought it was a good business proposition, using the homely illustration that it does not do to put all one's eggs in one basket. That consideration was present, but the consideration of price was the paramount consideration, and it being desirable to get down that price the General communicated with Colonel Allison, a man of whom he naturally thought—he was in New York at the central point—and asked him to get up a combination to see if he could not break that price, as he put it. I am coming back to what was actually done when I deal with the question of how prices were actually brought down, because I contend they were, by reason of what Colonel Allison did. But I have told you what Colonel Carnegie says—Allison had nothing whatever to do with it. General Bertram says the same thing. Mr. Cadwell, at page 715, says that after the original introduction he heard nothing of Allison, simply dropped out, heard nothing of him for months afterwards. It is perfectly obvious that Allison had nothing whatever to do with the negotiations which led to the making of the contracts after the parties were once brought together.

Hon. Mr. DUFF: There is just one point: can you make any suggestion about it? It was stated by Allison himself, I think, that some of them, Craven and Yoakum, I think, were engaged in ascertaining fuse prices—

Mr. HENDERSON: Yes, I am going to come to that when I deal with the question of whether or not what Colonel Allison did had the effect of breaking—

Hon. Mr. DUFF: It was not in that connection that I was going to ask the question. What do you say as to Allison's probable knowledge of current prices for graze fuses in the United States?

Mr. HENDERSON: He says himself he did not know the difference between a graze fuse and a time fuse, that he knew nothing whatever about graze fuses; graze fuses

were not under consideration, and he did not know until months after the contracts had been entered into that there was any contract for graze fuses.

Sir WILLIAM MEREDITH: At the outset the discussion was entirely with regard to time fuses.

Mr. HENDERSON: Absolutely, and for months afterwards so far as Colonel Allison was concerned.

Sir WILLIAM MEREDITH: You said that Allison had nothing to do with the negotiations for the contract. How was the evidence as to whether he had to do with the negotiations as between the group of men?

Mr. HENDERSON: The evidence is he had absolutely nothing to do with them.

Sir WILLIAM MEREDITH: Is that deposed to by Cadwell?

Mr. HENDERSON: Yes.

Sir WILLIAM MEREDITH: And by Yoakum and himself?

Mr. HENDERSON: Yes, all three; and it is also deposed to by Colonel Carnegie and General Bertram who say that he took no part in the conversation when they were present. He did not go to the manufacturing points with them, he did practically nothing except introduce them; and we must remember that he knew the type of men he had introduced. He knew that Mr. Yoakum was a man of action, and results would follow. He knew Cadwell and Bassick were prominent manufacturers, and from his point of view then he had done everything that it was necessary for him to do, and it was for the Shell Committee to do the rest. Because it is clear that at that time he was not looking for a commission, he was not thinking of such a thing.

Sir WILLIAM MEREDITH: As a business man at that time knowing of the arrangement he had entered into with Yoakum must he not have contemplated that if Yoakum got anything out of it he would share?

Mr. HENDERSON: Yes; I am coming to that again, but my answer for the moment is obviously yes, if that had been considered at all. I am dealing now with the question of influence, and my last point on that is, that each member of the committee, one after another, negatives the suggestion of influence; Colonel Carnegie at page 329—

Sir WILLIAM MEREDITH: I rather thought the allegation was not that Allison used influence, but that General Hughes had used the influence.

Mr. HENDERSON: Then I say each one of them expressly negatives that suggestion.

Hon. Mr. DUFF: The strongest way in which that could be put against you,—although really it is probably a question affecting General Hughes more than Colonel Allison—would be to say that General Hughes's original invitation or suggestion conveyed to the members of the Committee an intimation that his desire was that they should deal with the contractors, whoever they might be, who should be introduced to Allison.

Mr. HENDERSON: That could only be by way of suggestion.

Hon. Mr. DUFF: Yes, I am putting it to you as the strongest way it could be put against you argumentatively.

Mr. HENDERSON: And in putting it that way you shorten my task, because I say that each individual member of the Shell Committee in the witness box had the question put to him in the words of the Order in Council, in the broad way—and bear in mind this, that no one of my learned friends cross-examined him upon the subject; that point was absolutely ignored by both Mr. Carvell and Mr. Johnston.

Sir WILLIAM MEREDITH: I suppose your position is that all that Allison could do was to get somebody that would break the price, leaving the Shell Committee absolutely free to deal with whatever proposition was put before them.

Mr. HENDERSON: Yes. And that brings me directly to my next point, as to whether or not what Colonel Allison did had the effect of breaking down the prices.

Sir WILLIAM MEREDITH: In my view that has very little bearing upon the subject of our inquiry.

Mr. HENDERSON: Exactly. That is exactly what I was going to say. It is comparatively unimportant. But it has been made such an issue that I wish to deal with it as generally and as briefly as I possibly can.

I simply point out that early in the month of April, if not in the month of March, General Hughes was very much dissatisfied with the prices. He did in fact ask Colonel Allison to be prepared to do something.

Allison did get into touch with Yoakum, conferences ensued between Yoakum and Craven and apparently Bassick—I say that with some qualification, because the evidence is not clear upon it. Allison says he consulted many manufacturers, and they got to the point that Yoakum assured him that he could get the price down. That fact was communicated to the Minister; that fact was communicated also to the Shell Committee, although he did not tell them how, but that he could get the prices down if they did not succeed in getting them down. He said that there was competition and that the price must come down, and in fact the price did come down by the 26th of April, although I take it that it was not a fixed price then; the fluctuations of the market were such that there were no contracts really made until the Shell Committee had bound itself to a minimum price.

Whatever the facts were, Colonel Carnegie says that his understanding was that Allison's efforts had the effect of bringing down the price. General Bertram says the same thing.

Mr. Harris says that competition was an element—he will not admit that it was the only thing—in breaking down the price.

We know of no real competition except through Colonel Allison. Yoakum says that when he started in at the work—and remember that was not until some time in the month of April, because Allison had been talking to others before he talked to Yoakum—when Yoakum started in the price he was given to work against was \$4.90.

My friend Mr. Ewart said yesterday, I think very properly, that one can understand failure of recollection as to dates.

It is a very difficult thing, to keep dates in one's mind. But there are certain outstanding facts. We know the period at which the price was \$4.90. That was some time between the middle and the end of April.

The price at which Yoakum was working to cut down was \$4.90. He did in fact make up his mind that he could come down to \$4.50 and probably \$4.25.

He communicated that, even though he had no combination formed; he told Allison so, and Allison told the Minister so. The price did come down, and we know of no other competition.

Hon. Mr. DUFF: Allison and Yoakum, in answer to questions put to them by myself were perfectly explicit that no report was made until after the first of May. So that it could not have come down in consequence on the 26th of April because of that.

Mr. HENDERSON: You are quite right in saying that they say that—and I mention it to their credit that both say it was about the end of April or the first of May when they made that report.

But it was equally obvious that they were wrong, because the Minister said that before that time he knew they could cut the price down, and Yoakum said that when he made that report to Allison it was at a time when he was working and had worked against a figure of \$4.90.

Hon. Mr. DUFF: He did not say that at the time he made the report, but when he began to work against the figure \$4.90. He started working in the first week of April, when the figure was \$4.90, and made his report about the first of May.

Mr. HENDERSON: You are absolutely right in saying that, sir.

Mr. EWART: But Yoakum is very weak on dates.

Mr. HENDERSON: We are all weak on dates. I think it is to the credit of both Yoakum and Allison. They were not coached, obviously.

Hon. Mr. DUFF: Not coached with regard to those dates.

Mr. HENDERSON: And you, sir, had those dates very prominently in your mind throughout, the importance of the period between the 26th of April and the 6th of May.

Hon. Mr. DUFF: I do not think it is so important, after all. The point is that when the matter was being investigated one had his mind particularly on the dates.

Mr. HENDERSON: When I say an important date, I mean it was an effective period.

Unless they actually did something before the 26th of April we cannot say that what they did was effective in bringing down prices, except to this one extent, that the element of competition unquestionably came into the reduction of the price, and that this was the only effective competition. I leave it at that, as I do not desire to labour it.

The next question is, did the Minister know of the commission?

Surely not, I submit. I can dispose of that in a word.

Allison did in fact receive a commission eventually. But the Minister knew nothing about it practically until this investigation was, I might almost say, under way, because it was not until Allison came to Ottawa that the Minister knew the fact as to that.

Now as to the taking of a commission. I am not going to apologize for anything Allison did, as I do not think it is necessary. In one point I may, perhaps.

Hon. Mr. DUFF: Before you come to that, Mr. Henderson, there is one point upon which I would like to ask you a question.

There was no dispute on the evidence was there as to the statement made by Colonel Carnegie, and I think also by General Bertram, that Allison told them that in what he was doing he was acting purely out of friendship for General Hughes, and that he was not acting as a business man at all, with the expectation of getting something out of it?

Mr. HENDERSON: The statement was made and not contradicted. I don't recollect whether Allison was asked about it or not.

Hon. Mr. DUFF: I do not think he was.

Mr. HENDERSON: If he had been asked about it he would have stated the fact that he was actuated by friendship for the Minister, and not with the hope of reward.

Hon. Mr. DUFF: Just on the same line, perhaps you would not mind telling me this; your client gave an answer to a question in connection with the letter written to Mr. Patterson, or written by Mr. Patterson to him. If you have any remark to make about that, I would like to hear it, because it is just conceivable that perhaps the significance of it had not reached his mind at the time.

The effect of the answer as I recall it was that to those people whom he was approaching for the purpose of getting them to make tenders he appeared as the representative of General Hughes.

Do you accept that, Mr. Henderson?

Mr. HENDERSON: I would be willing to accept that, and for this reason, sir, that until the organization of the American Company group my understanding of the situation is that anything Colonel Allison had done was purely and simply with a view to bringing down prices. I say I want it to be distinctly understood that I do not desire Allison to be understood as anything other than a man of business, and as a broker his object naturally would be to get the best price he could—if he were acting for the vendor.

Hon. Mr. DUFF: For the vendor?

Mr. HENDERSON: If he were acting for the vendor, unless it was necessary to bring down the price in order to get the contract—a situation which did not arise here as far as he was concerned.

You will understand what I mean, Mr. Commissioner. I think you are again absolutely right, sir, that the cold logic of the situation is that in anything he was doing with say the Dowler-Forbes Company or with Patterson he was doing on behalf of General Hughes.

Hon. Mr. DUFF: Or Cadwell?

Mr. HENDERSON: No, sir.

Hon. Mr. DUFF: The answer would cover all these people. That was the thing I wanted to put to you.

Mr. HENDERSON: Let me say Yes, with a qualification as to Cadwell—if you will pardon me for a moment—I am not differing with you at all, but I do say that as far as the others were concerned the logic of the situation was that he was representing General Hughes, individually, in his personal endeavour to bring down prices.

He had been doing that. He had been also, as representing General Hughes, making inquiries about these people and making inquiries as to other prospective competitors.

Sir WILLIAM MEREDITH: Does that just fit it? Apparently judging by what we have heard, he must have sent to General Hughes copies of all those letters, and he must have led General Hughes to believe that the course he took with regard to those two firms or persons he had taken with regard to others.

Mr. HENDERSON: I will take that up. I may have to make a sort of an apologetic remark with regard to that incident.

Coming to Yoakum, I have to deal with him, and that includes a great deal.

Hon. Mr. DUFF: You are coming to it in its order, are you?

Mr. HENDERSON: I will do it now. While I say the remark applies to them equally in one sense, there is a qualification, and it has to be dealt with separately, because I do say this, that there would have been no excuse for his subsequently coming on—suppose Dowler-Forbes had got a contract, there would have been no excuse whatever for him coming on them for a commission. That is quite clear. So too Patterson people.

Now let me take the relationship with Yoakum, and I will come back again to the question of commission.

In the first place, may I say this; like Colonel Allison, the public of Canada was led to believe that in some way or another Yoakum was perhaps the larger, physically speaking, a larger scoundrel than Allison, but none the less a scoundrel, and of a large type. That was the way he was talked about.

Sir WILLIAM MEREDITH: It has been proved that he was of large type.

Mr. HENDERSON: Of large size, yes sir. And they apparently knew that jokes were made about his name. There was "Yoakum", and the "the flute player" and all that sort of thing spread over the country, and one was led to believe in connection with the "mushroom" company that this was a gang of—I was going to say financial adventurers, but that would be too dignified a term.

Sir WILLIAM MEREDITH: I thought it was "a gang of thieves".

Mr. NESBITT: Thugs.

Mr. HENDERSON: A gang of thugs, organized purely for the purposes of a fictitious company, putting it over the members of the Shell Committee, getting a million dollars in cash and proceeding to put it in their pockets. I suppose in the case of Yoakum he was big enough to have pockets deep enough to accommodate his share of the bullion.

Mr. HELLMUTH: Mr. Henderson should be accurate in his language; he should say "a gang of disreputables".

Sir WILLIAM MEREDITH: That was the language of counsel.

Mr. HENDERSON: In the eyes of the public of Canada, that was the type of man we were expecting to see when we came here.

But what did we find? In the first place we found a man who went into the witness box and gave his evidence in a very characteristic way, a very amusing way and a very broad way, and when he was finished my friend Mr. Carvell did not have the temerity to address him in terms of other than the utmost respect, and wanted to make it abundantly clear that he would like to be his friend.

My learned friend Mr. Johnston approached him more as a banker than perhaps as a lawyer.

Sir WILLIAM MEREDITH: Was that due to his size?

Mr. HENDERSON: I don't know about that. Some say that my learned friend Mr. Carvell is more bold in court and Parliament than he is outside. But I would like to feel that he has the courage of his convictions even outside the Court Room and the House of Commons.

At all events, we know the man, and I need not say more.

The Commissioners saw Yoakum, they saw the way he was treated, and they saw and heard the real man.

But in addition to that, you will remember what Cadwell said about him. As I said before, these little sidelights are sometimes very interesting.

A very interesting sidelight was thrown in by Cadwell, which I think will be found at page 711 of his evidence.

You will remember that he did not come personally into touch with Yoakum in the original negotiations. He left the original negotiations to Mr. Bassick and Mr. Yoakum. He knew that Yoakum was meeting Bassick and that they were preparing the original negotiations, but he said he had never met Yoakum until that morning. He said also that he of course knew him by reputation, that he knew him as a large railway contractor and a builder of railroads, and his name was known to every one he supposed in the United States as a man that had done big things.

That is the man he was, and that is the man he is to-day. Allison knew that. Allison had been in the Old Country. Yoakum knew Allison, he says, and the man Yoakum knew Allison well enough to think it worth his while to pay him the sum of \$25,000 to form a business connection with him.

Sir WILLIAM MEREDITH: Did that business connection involve his sharing in any business that was on foot anterior to the agreement?

Mr. HENDERSON: That is made abundantly plain both by Yoakum and Allison. In that their evidence agrees.

That business relationship was that they would share in any commission business in which they jointly engaged, no matter how little one might do as compared with the other.

But it was confined distinctly to commission business as distinct from investment business.

Sir WILLIAM MEREDITH: That is not the question I asked you. I asked you whether he acquired, for his \$25,000, an interest in transactions Allison was then engaged in.

Mr. HENDERSON: With one exception, which was much talked about, what we now know as the Canada Car and Foundry Company.

It was commissions both past and prospective, with the one single exception of that Russian business.

That bargain was made about the first of March.

Sir WILLIAM MEREDITH: I thought the document said it was made in February.

Mr. HENDERSON: I am using the term broadly. It was made before the first of March, because the letter said it was made in February and the real evidence pro-

duced by my learned friends of the incorporation of the two companies showed that the one company was actually incorporated the last week of February and the other company incorporated the first week of March.

So that demonstrates conclusively that the statement in Allison's letter that the agreement was made in February is true, because they had not come together in a business sense until a time prior to the incorporation of those companies, which were incorporated in fact to enable them to carry out these business arrangements of theirs.

Sir WILLIAM MEREDITH: Can there be anything suggested as a reason why that agreement did not exist? What motive would there be to fabricate the story?

Mr. HENDERSON: I cannot understand it.

Sir WILLIAM MEREDITH: Or to write that receipt with a date in it. Does anything suggest itself?

Mr. HENDERSON: I know of nothing, sir. The cheques are real cheques.

Sir WILLIAM MEREDITH: The second payment was made on the 6th of March?

Mr. HENDERSON: No, sir, the 5th of May. The first payment was made on the 12th of March. My friend finds coincidences—it is practically coincident, the first payment, with the completion of the incorporation of the second company.

The second payment was not made until later.

I have in mind incidentally one of the best known and biggest business man in Canada, very like Yoakum, but who does not make any payments until he has to. It is a very common practice, that the bigger a man is—

Sir WILLIAM MEREDITH: —the slower he is to pay?

Mr. HENDERSON: The bigger a man is in business the more apt he is not to rush payments, or rather it is a very common practice that he does not rush payments.

To a man who is in a large way of business, interest on a bank account means something, but to a man in a very small way of business interest does not mean anything, because he does not get any interest on his bank account.

The payments were made in March and May.

Hon. Mr. DUFF: The point there is, as to the terms of the agreement. What were the terms of this agreement—oral

Mr. HENDERSON: Oral, yes, sir, except as evidenced by the document.

Hon. Mr. DUFF: Of course I am looking at this from a point of view that perhaps is not quite the same as the point of view from which it has been approached by others.

I must say that as far as your client is concerned, I start at this point, that there is something there which requires a great deal of explanation.

One very important element in his explanation is the existence of this agreement, the terms of which would have included this particular kind of thing.

As far as the agreement is concerned, it was oral and depends upon oral testimony.

Mr. HENDERSON: I cannot get away from that, sir.

Sir WILLIAM MEREDITH: Is there any doubt that if Allison thought about it at all he would know that whatever form the transaction took he would share in whatever Yoakum got out of it?

Mr. HENDERSON: Provided it was a commission.

Sir WILLIAM MEREDITH: Limited to that?

Mr. HENDERSON: Limited to that, yes, sir. They both said so.

Sir WILLIAM MEREDITH: That left it in the hands of Yoakum, to let him out of it or let him into it, as he chose.

Mr. HENDERSON: In this particular instance.

Hon. Mr. DUFF: I am afraid you are doing yourself an injustice, on that particular point.



The evidence is this—I pressed them both on it, and they were explicit about it, that is there was to be a commission he was to share, and if it was an investment he was to be entitled to go into it on Yoakum's terms, on the same terms, that they would be on an equal footing.

Hon. Mr. NESBITT: On the ground floor.

Mr. HENDERSON: While their bargain was as to commission, because that would require a bargain—

Hon. Mr. DUFF: But they were pressed about it.

Mr. HENDERSON: I was going to say that Yoakum says that what would naturally follow from that would be that if he were going into anything on an investment basis he would have to give Allison an opportunity to go in with him.

Hon. Mr. DUFF: He said he did not know that they had a legally enforceable bargain at all. He said that the effect of their arrangement undoubtedly would be that if there was a commission Allison would be entitled to it, and if it was an investment Allison would be entitled to the benefits of the investment equally with him.

I am afraid you are unjust to yourself.

Mr. HENDERSON: I was coming to that at the next stage.

But putting it negatively it was perfectly obvious that unless Allison went into anything on an investment basis he could not share in any profits Yoakum might make.

Hon. Mr. DUFF: I must say that that does not appeal very much to me. If there was an obviously profitable investment—

Mr. HENDERSON: In which he had put no money—pardon me for interrupting you.

Hon. Mr. DUFF: An obviously profitable investment in which he was entitled to share, his right to that would be conditional upon something.

Mr. HENDERSON: His right to invest. I do not quarrel with you at all. The point I am coming to in this case is, that it was in the contemplation of all the parties until the 5th of June—and I am coming again to Bassick, and I do not think I am going to quarrel with any of the comments you made yesterday, but there are qualifications running all through—I am coming to the broad proposition; I think Bassick had something in his mind long before the 5th of June, and I think Cadwell knew it but that Yoakum did not.

Hon. Mr. DUFF: Cadwell undoubtedly knew it.

Mr. HENDERSON: Undoubtedly Cadwell knew it. These men are too shrewd not to feel one another as they go along. I am not going to put myself in the false position of making untenable arguments this morning, that is, knowingly.

But the point is that this bargain was made with Yoakum long before the fuse contracts came into contemplation.

The second point is, that when the fuse contracts did arise Allison had in mind Yoakum as an investor, and he had no intention of himself investing. That seemed obvious. That never arose, and therefore Allison was not going into it.

In doing what he did do, he did not do it with the question of profit, either as commission or profit, in his mind.

Sir WILLIAM MEREDITH: Do you not think that if the manufacturing arrangement had been carried out and he had been told of it and he did not want to put the money into it Yoakum would have bought him out, or Cadwell?

Mr. HENDERSON: I don't think so. These are business men, and Cadwell did not know him.

Hon. Mr. DUFF: Do you think anybody would have had any difficulty at that time in raising all the money necessary on a \$4 graze fuse contract, with the advances

provided for to that company, I mean to take an interest in it, to a man like Cadwell, a manufacturer?

Mr. HENDERSON: That is a wall I do not have to climb over, because Allison did not know anything about graze fuses.

Sir WILLIAM MEREDITH: The point is simply that it was not as a matter of fact a contract for graze fuses, but for time fuses. The result has been that Cadwell has lost a considerable amount of money on that particular part of the contract.

Mr. HENDERSON: Yes, sir. It is present in the minds of the commissioners, I am sure, that the small number of time fuses—this question is not on my brief—but taking the point you have just raised, sirs, if (there are a good many ifs) Colonel Allison had known that this was an apparently profitable graze fuse contract, and if he had then sought to have a financial interest in it, as he probably would have done, may I say that of course he could have said to Yoakum, "You have to take me in with you."

Hon. Mr. DUFF: The point you are at is this, that on your own assumption he having this arrangement with Yoakum when he was asked to introduce somebody, he representing the minister went to the man who according to his own story was his own partner. The propriety of that is something I am sure you would not pretend to justify without explaining the situation to the Minister, without explaining in the most meticulous way the full position as it actually was, to both him and the Shell Committee.

Mr. HENDERSON: Let me converge to a point upon which I may have to tender an apology.

I say now, and I know that everybody will not agree with me although it has been my view from the beginning and it has been Allison's view from the beginning, that it is distinctly regrettable, highly regrettable that he did not elaborate that situation to the Minister.

Sir WILLIAM MEREDITH: Was he not bound, not only morally but legally also to disclose his relationship with Yoakum to the Minister?

Hon. Mr. DUFF: Undoubtedly he was.

Sir WILLIAM MEREDITH: Suppose an attack was made on the ground that he had abused the confidence that had been reposed in him; is there any doubt that a Court of Equity would say that he had no right to maintain his contention?

Hon. Mr. DUFF: Suppose the Court sued him for that money?

Mr. HENDERSON: I have gone pretty far already, sirs. To be perfectly frank, my answer would be, No. I would not hesitate to take that ground. I would hesitate to defend that action.

Sir WILLIAM MEREDITH: You have defended unsuccessful actions many a time. That is one of the duties of a counsel.

Mr. HENDERSON: I have known counsel of wide experience to say that absolute statistics show that there are more actions won on appeal that should not have been won, than lost.

Sir WILLIAM MEREDITH: That is very probable.

Mr. HENDERSON: But that is a somewhat theoretical question.

Sir WILLIAM MEREDITH: I suppose it is equally true that the dissenting judge is generally right?

Hon. Mr. DUFF: He belongs to the immortal minority.

Mr. HENDERSON: And there are some dissenting judges who are known as dissenting judges, in the province of Ontario, for whom I personally have a feeling of respect that has much affection in it.

But dealing with that point, and coming back to it again I say this, that the outstanding fact remains (and I am not apologizing for it and am not excusing it,

I am simply stating it) that if Allison had said to the Minister—let me paraphrase—“Yes, I can get the competition you desire, but it will be through my friend Yoakum to whom I have already introduced you in another connection, and my relationship with Yoakum is such that if he makes a commission, if it develops into a commission transaction I will share one-half of his commission, or I will have the right morally to share with him as one of the contractors.”

Suppose he had said that, the result would have been that the General would have said, in making use of one of his characteristic terms, “Go to it” or “Scratch gravel”, or something of that kind.

Mr. HELLMUTH: I do not think Mr. Henderson has the right to say that. The situation was not presented to the General. I do not think we should judge as to what the General would do.

Mr. HENDERSON: I am simply saying that, because it was put to me.

Sir WILLIAM MEREDITH: That is no answer to the question about an action being brought.

Mr. HENDERSON: It is no answer in law.

Hon. Mr. DUFF: There is another point. It was not only the General, but it was the Shell Committee also, to whom it was his duty to disclose those things.

Mr. HENDERSON: The facts are well known. The facts are plain, and are plainly understood. What was done was done.

As I say, while I do not think I am put in the position of attempting to excuse something, (because that is not my position) there was what I consider and what Allison considers an omission on his part, particularly in view of the fact that he did send the Dowler and Patterson letters, or copies of them, to General Hughes.

Sir WILLIAM MEREDITH: Is this not the situation; if we accept what Allison deposed to, he had not in mind when these negotiations were going on that anything would result that would bring money to him, and that when he found out from Yoakum that there was a commission he had not the moral courage to resist the temptation to take it?

Mr. HENDERSON: That is one way of putting it, sir. I was going to come to that in a moment, but I will deal with it now.

It is a fact, and I think it must be taken as a fact, on the evidence (because it is consistent with the evidence and there is none to the contrary) that he did not know that it was going to be a commission transaction.

Hon. Mr. DUFF: Did he think Yoakum was in that thing without any view to a profit?

Mr. HENDERSON: Surely not. Nobody could think that, for a moment.

Hon. Mr. DUFF: Let us assume that no bargain existed with Yoakum. Let us forget that Allison, a confidential friend of the Minister was his partner and would be entitled to be interested with him—

Mr. HENDERSON: I do not think that ever occurred to Yoakum.

Hon. Mr. DUFF: That to me is simply incredible.

Mr. HENDERSON: I do not think it is quite fair to Yoakum, to put it that way.

Hon. Mr. DUFF: But if I go to a confidential agent of a government, or if a confidential agent of a government comes to me, and I have an arrangement with him and I propose to enter into a contract with the government in which he will be interested if he chooses, do you suggest that I am not open to comment in the mind of almost any man for having done a thing of that kind, if I do not disclose it?

Mr. HENDERSON: I do not, sir.

Hon. Mr. DUFF: Is that not the position here?

Mr. HENDERSON: I understand on the evidence that Yoakum knew that Allison was the confidential agent. There is no evidence that he was personally acquainted.

Hon. Mr. DUFF: There is evidence (and this is significant) that Allison presented himself to all the people he was approaching at that time—I am not giving it literally—that he was known in these transactions to be acting as the representative and the confidential agent of the Minister.

Mr. HENDERSON: We were talking of Dowler-Forbes and Patterson and that class, at that time.

If you take me as admitting that he ever presented himself to Yoakum in that light, I should say No, because it was inconsistent with the course of his whole dealing with Yoakum.

Sir WILLIAM MEREDITH: Why didn't he write a letter to Yoakum as well as to the other parties to whom he wrote?

Mr. HENDERSON: I have to come to that.

Sir WILLIAM MEREDITH: There was an additional duty upon him to do so.

Mr. HENDERSON: The answer to that is, that his relationship with Yoakum was so well understood. You see, he was a broker to the others.

Hon. Mr. DUFF: He was the representative of General Hughes.

Mr. HENDERSON: But he was known as a broker, and you know how easily brokers can make claims. He had that in mind. It started with the unfortunate rumour about Sir Courtenay Bennett. He had been dealing with him, and there was liable to be something unpleasant come out.

Sir WILLIAM MEREDITH: But would almost any man not say that that was a deliberate thing, when he wrote those letters? Would it not appear that he deliberately refrained from writing that letter?

Mr. HENDERSON: Suspicious men can do anything. Suspicious men are responsible for this investigation.

Hon. Mr. DUFF: But when you find a man who was acting in that capacity deliberately accepting what Allison accepted, is it not one's duty to scrutinize such an action with suspicion?

I do not say for a moment that I am not suspicious with regard to Yoakum and Allison. I think everything they did afterwards must be examined with suspicion.

Mr. HENDERSON: Pardon me if I say this; I am satisfied that you are (subject to what you just said) assuming that Colonel Allison is in the position of any other man who is innocent until found guilty.

But I entirely agree with you, and I say so under his explicit instructions, that he realizes all of that now.

Sir WILLIAM MEREDITH: Would he not do better if he realized that he ought not to have that commission, and hand it over?

Mr. HENDERSON: Hand it over to Yoakum?

Sir WILLIAM MEREDITH: No, hand it over to his principals.

Hon. Mr. DUFF: They are the people who are entitled to it.

Sir WILLIAM MEREDITH: Perhaps that is a difficult thing for a man to do.

Mr. HENDERSON: Undoubtedly it is a difficult thing for a man to do, and I certainly prefer not to be placed in the position of answering that question now, because it has never arisen between us in any of the consultations we have had.

Sir WILLIAM MEREDITH: He would not get very much thanks now, if he did it.

Mr. HENDERSON: He would not get any thanks.

Hon. Mr. DUFF: "Virtue is its own reward." He might get a clear conscience.

Mr. HENDERSON: I know of only one man in my own profession who has been doing voluntary work, and who has done it at a great sacrifice, and we know the thanks he has received for it, and we know from whom those thanks have come.

Hon. Mr. DUFF: I am sorry you only know one man. I know more than one.

Mr. HENDERSON: I know only one outstanding man. There are many others, of course. I am talking in a large way. There are many who have made great sacrifices.

Hon. Mr. DUFF: It is not a question of voluntary work. That is not the way it has been put at all to you. It has been put to you on the hypothesis on which you were proceeding, the result of the feeling you said existed.

Mr. HENDERSON: I simply must refuse to discuss any legal position that arises, and I think you will agree with me that I am right in that. I do not discuss the morals as they exist to-day, because it is a question which never has arisen. But I do say this, that on this evidence the price of the fuses was fixed without any reference to this commission.

Hon. Mr. DUFF: Would you mind telling me this, Mr. Henderson? What have you to say as to this suggestion, that Yoakum did not settle with Cadwell, and that Bassick did not settle with Cadwell what they were to receive out of the prospective million without knowing something about the cost of constructing a graze fuse and without knowing the price of graze fuses in the United States, particularly the prices Cadwell was receiving on other contracts?

Mr. HENDERSON: I must assume that Cadwell as a manufacturer knew what he was doing in the matter of prices.

Hon. Mr. DUFF: Must you also assume that Bassick and Yoakum knew the situation also?

Mr. HENDERSON: I am going to assume that whatever Bassick knew his partners technically knew.

Hon. Mr. DUFF: I do not mean that.

Mr. HENDERSON: These men I assume got the best price they could get. They must have thought at the time that it was an exceedingly profitable contract, or they could not have been justified in anticipating a profit of at least a million dollars.

Sir WILLIAM MEREDITH: We have had no evidence of what is considered a reasonable profit on these transactions.

Was this transaction any more than dividing up in advance a part of the profits upon a contract?

Mr. HENDERSON: That is exactly what it was; it was a dissolution of partnership, in a sense.

Hon. Mr. DUFF: Cadwell really puts it in this way, that this was a price for securing the business.

Mr. HENDERSON: That is in another sense.

Hon. Mr. DUFF: For selling his wares.

Mr. HENDERSON: In this way, sir; he says that every manufacturer includes in his price the cost of getting the business.

Hon. Mr. DUFF: That is a fair way of putting it.

Mr. HENDERSON: And it does not make any difference to him whether it is taken off at the first or whether it is delayed until the end. But every manufacturer anticipates that.

I ask the Commissioners to note that this was not cash in advance. It is coming as the work proceeds.

Sir WILLIAM MEREDITH: It is not improbable that if they had made a contract to each, each of them contributing, that Bassick and Yoakum would have required something for their part in introducing the business.

Mr. HENDERSON: I was going to point out that the evidence was perfectly plain—I hope you are not overlooking the fact that Cadwell at page 715 and again at page 764 of these proceedings makes it abundantly plain that they had not only intended

to go into the thing as manufacturers, but that they had actually agreed upon the proportions they would take.

Sir WILLIAM MEREDITH: That was in the very early stages.

Mr. HENDERSON: At the early stages, yes sir, and there was no change in that at all.

Sir WILLIAM MEREDITH: Although he had become convinced from what Bassick said—

Mr. HENDERSON: But at the beginning Mr. Cadwell was to take two millions and the others were to take the other three millions, to be divided as they might choose.

Hon. Mr. DUFF: Provided they got the five millions.

Mr. HENDERSON: They were talking on the basis of five millions.

Is it suggested that Cadwell was prepared to take any less than two million?

Mr. HENDERSON: It was not put that way. The suggestion was that they were going in as manufacturers, and the proportions were discussed.

Hon. Mr. DUFF: You must take all this also in connection with the attitude of Colonel Carnegie.

It was Cadwell's experience, according to the evidence of Colonel Carnegie, that influenced him.

Mr. HENDERSON: And Bassick's.

Hon. Mr. DUFF: But Bassick had had no experience in manufacturing fuses at all.

Mr. HENDERSON: No matter how they subdivided, Cadwell would have remained responsible for the performance of the contract. That would have been Colonel Carnegie's safeguard.

Hon. Mr. DUFF: But do you think Cadwell would have assumed the direct responsibility if they had been dividing up in that form?

Mr. HENDERSON: Exactly, he would not, certainly.

We all remember Cadwell's evidence. It is perfectly plain that Cadwell thought the big money was in the manufacturing.

It is perfectly plain that for some reason or another Bassick was doubtful of that, and it is perfectly plain that Cadwell knew how Bassick's mind was running. He remembered that Yoakum was not a party to that development, because that was as between the two manufacturers. It does not follow that he knew that at all. He says he did not.

Cadwell on the other hand says quite frankly that he was watching it and it has been more than once suggested, and I think the Commissioners have themselves suggested that one conspicuous thing about all these Americans who gave evidence here was their utter frankness.

Is there any reason to suppose that Yoakum is any less frank than the rest?

Hon. Mr. DUFF: Well, with regard to the others who were not Americans? What about them?

Mr. HENDERSON: I do not say that they were not frank. I am dealing with the Americans only, at the moment.

But dealing with them, they surely were frank, and exceedingly frank. They were shrewd in giving their evidence, of course.

Please do not take me as assuming for one moment that I am addressing men who do not know men. But is there any reason why Yoakum should not have said, as Cadwell did, that he was keeping track of Bassick's mind? Cadwell knew what was passing in Bassick's mind.

Yoakum says that until that day the question of it being a commission proposition never arose with him, and they all describe the little bit of jockeying that occurred.

Eventually Yoakum became entitled to a commission automatically, and Allison became entitled to one-half of that commission, and Allison found that out some time afterwards.

Remember the Minister was in the Old Country at that time. How do you account for the fact that the agreement was drawn up in the way it was, that this million was declared to be commission? They used the term.

Hon. Mr. DUFF: How do you account for the fact that they used the term?

Mr. HENDERSON: Bassick used the term commission. That was the idea. Yoakum stayed in, in a small way, nominally.

Sir WILLIAM MEREDITH: Cadwell used the word commission.

Mr. HENDERSON: Yes, sir, for lack of a better term.

Sir WILLIAM MEREDITH: It is common, I suppose to have that term used in the United States in their transactions.

Mr. HENDERSON: It is a common thing.

They get together these combinations; each one does something in connection with the getting of them together, and when it becomes a matter of effecting the contract, one or more of them retire.

Sir WILLIAM MEREDITH: Was it not in the end this way, that some said they would not go in at all on the manufacturing end of it, but that the business had been brought about through Yoakum and Bassick and "Now we must have a commission"?

It was practically a commission to Yoakum and Bassick of \$750,000.

Mr. HENDERSON: Cadwell bought his partners out. I don't care whether you call it a commission, or what you call it. At that date it was a partnership whose one asset was this contract, which had practically become a contract, and Cadwell then bought Bassick out completely, and practically bought Yoakum out. But they call it a commission.

Sir WILLIAM MEREDITH: I suppose if that had not been agreed upon that day the whole thing would have fallen through, and there would have been no contract?

Mr. HENDERSON: If they had not agreed upon something. But I do not think it was ever suggested that they did not agree to go through with the contract.

Hon. Mr. DUFF: The contract was a contract with Cadwell. This contract was entered into after the agreement was made.

Mr. HENDERSON: It was with Bassick.

Hon. Mr. DUFF: The agreement was that a contract would be made to Cadwell. There was no contract until the 4th of June, or whatever date it was.

Mr. HENDERSON: A formal contract.

Hon. Mr. DUFF: It is referred to in the Commission Agreement. It is referred to in the Commission Agreement as a contract.

Mr. HENDERSON: My recollection is that this was after the letter had been procured.

Hon. Mr. DUFF: Let me finish, please. If you look at the agreement for the distribution of the commission, you will see that there is recited—I don't know whether the word contract is used—but there is at all events recited there a concluded arrangement with the Shell Committee, which arrangement was recited to be an arrangement that a contract was to be awarded to a manufacturer to be nominated by Cadwell.

Sir WILLIAM MEREDITH: Were the terms not arranged at a meeting in June, and after that meeting in June they went to the hotel and made this bargain?

Hon. Mr. DUFF: They came here, saw the Shell Committee, made arrangements, went to the hotel, and, to use the language of the street, divided the spoils.

Mr. HENDERSON: You have the Cadwell document on the paper of the Chateau Laurier. Yoakum put it in.

Hon. Mr. DUFF: We have the formal agreement as drawn up in New York. It is the recitals in that agreement that I am referring to.

Mr. HENDERSON: By that time Yoakum and Bassick were practically disappearing, and it was to be a company formed by Cadwell.

Hon. Mr. DUFF: It goes further than that. The manufacturer was to be nominated by Cadwell. That is my memory of it, at any rate.

Mr. HENDERSON: I have the agreement before me now. It is set out at page 804 of these proceedings.

Whereas, the Shell Committee of Canada, acting by Brigadier-General Alexander Bertram, as Chairman and Agent, has agreed to purchase 2,500,000 fuses from a manufacturer to be designed by E. B. Cadwell & Co., Inc.

That is what you have in mind, no doubt.

You will remember that the document of the 5th of June was addressed to Mr. Benjamin F. Yoakum:

We hereby agree to a division of commissions on contract for 2,500,000 fuses as follows:

Total commission . . . . .	\$1,000,000
E. B. Cadwell & Co., Inc. . . . .	\$ 250,000
Yoakum and Bassick . . . . .	750,000
	<hr/>
	\$1,000,000

\$475,000 of the above belongs to B. F. Yoakum.

That document will be found at page 997 of these proceedings.

What I had in mind was that that followed the obtaining by Bassick of a letter addressed to him fixing the minimum price.

Hon. Mr. DUFF: Bassick's letter was given on the 21st of May, and there was another letter on the 25th of May.

Mr. HENDERSON: However, I think I am perhaps being drawn into a somewhat refined distinction.

The fact remains that, whether you call it a commission or whether you call it a distribution of profits, makes little difference. They all at that time thought there was a profitable contract there; that is obvious, and they decided on this and Allison fell heir to one-half of the net amount of Yoakum's share. That is a fact that I cannot get away from, that I have to simply accept as a fact. When he was informed of that does not make any difference.

Whether he was informed of that a week later or a month later did not make any difference. When he was informed of it, he took it. I have one observation to make on that, simply that you must bear in mind the fact that there was a sort of automatic chain running through this; just as Allison automatically became entitled to a share of Yoakum's commission, so Mr. Stephens became entitled to a share of Allison's commission.

Sir WILLIAM MEREDITH: I do not understand that.

Mr. HENDERSON: They had the same arrangement.

Hon. Mr. DUFF: Sharing commissions in different things. I would like to know where that chain stops.

Mr. HENDERSON: I hope it stops there, so far as the evidence goes, I am not so clear.

Hon. Mr. DUFF: A number of these gentlemen connected with this thing—of course they are the keepers of their own consciences—but I would like to have seen some of them—

Mr. HENDERSON: There is a loose and careless way of doing business—

Hon. Mr. DUFF: Do you think there is anything loose and careless about it? Isn't it precisely the way that men like that would be inclined to adopt.

Mr. HENDERSON: I would not like to mention Major Stephens like that.



Hon. Mr. DUFF: I am not speaking of Major Stephens, I am speaking of the parties to the transaction. One of the things that impresses me in regard to the whole matter is the fact that your client's name is not to be found anywhere on any of these documents, although he was the beneficiary to the extent of \$250,000 in the event of the contract being carried out. There is nothing loose about it, it is most carefully calculated on the part of all those gentlemen that you speak of.

Mr. HENDERSON: May I call your attention, sirs, to the fact that there were subsidiaries with each one of them, that Mr. Cadwell had associates, that Mr. Bassick had associates.

Hon. Mr. DUFF: I am not concerned with Cadwell and his American associates. I am speaking of our fellow countrymen in this thing.

Mr. HENDERSON: I understand, sir, their names do not appear and Major Stephens' does. It is evident that there is nothing reprehensible in the minds of those engaged in that business, in doing business that way. I am afraid that if that were carried to the extreme, we would involve a great many men.

Hon. Mr. DUFF: It is time they were involved, isn't it?

Mr. HENDERSON: I do not know. I have heard of names and I know of names. I know names high in the councils of Canada that are concerned in contracts, contracts not very far from the ones we have been dealing with and indeed, sir, I think it is better that those names should not be disclosed. We have carefully avoided—lest our motive should be misunderstood—implicating men who I think are properly entitled to be treated with respect in this country, and whose names could have been used in these very proceedings.

I do not wish to come into any kind of conflict with you, sir, on that subject, but you must pardon me if I do claim that there was nothing illegitimate so far as the evidence has disclosed on the part of Allison, in that his name did not appear on the documents.

Hon. Mr. DUFF: The whole thing is that he, regarding himself as the confidential agent of the Shell Committee and the Minister, puts his hand in the till to the extent of \$250,000.

Mr. HENDERSON: That is a strong expression.

Hon. Mr. DUFF: And I intend it as a strong expression. What impressed me so strongly was that notwithstanding that he was entitled to it, his name appears nowhere on any of those documents. I shall say nothing further about it. So far as these other gentlemen who were concerned, I am not concerned about names.

Sir WILLIAM MEREDITH: My colleague forgets that these were gentlemen's agreements.

Hon. Mr. DUFF: I am sorry that I forgot that.

Mr. HENDERSON: I am not objecting to your warmth of expression, but you use the expression, in official positions.

Now, I thought I was just through and I thought I had got along without any real conflict, and I am anxious to close without any, but I cannot accept that position.

Hon. Mr. DUFF: What position?

Mr. HENDERSON: That Colonel Allison occupied an official position for the Government of Canada. I say this sir—

Hon. Mr. DUFF: I am only taking his own statement.

Mr. HENDERSON: I know that you are going to hear me, sir, with the courtesy that you have shown throughout. I say that Colonel Allison was not in the position of an official of the Department of Militia for Canada, he was not in the position of an employee of the Minister. He was a broker who was in business; he was known to be in business; he was known to the Minister to be in business; it was known to the Minister that he would take a commission if he could get it on any business he did

with Great Britain, including any business with the Shell Committee. There has been no suggestion in the course of this evidence that he ever repudiated—and again I have to qualify—there has been no suggestion that he ever repudiated the taking of the commission as to this particular contract, except that he did in fact tell Colonel Carnegie and General Bertram that he was anxious to oblige the Minister. Now, he was anxious to oblige the Minister. I do not believe—and I can say it honestly—I do not believe that when he said that he was contemplating a profit by way of commission or otherwise. I have got to know the man pretty well in the last month. I know, sir, that you want to be properly charitable.

Hon. Mr. DUFF: Yes, Mr. Henderson, I want even to be charitable.

Mr. HENDERSON: I believe you do, sir, and I am not quarrelling. I conceive it to be the duty of all of us to really investigate, to probe to the bottom, and I take that to be your attitude, sir, nothing more.

Now, I say this: Granted that he honestly at the time he said that to Colonel Carnegie—that he honestly believed it, and had nothing more in mind—I say that there was nothing illegitimate subsequently in his taking a commission, that is supposing he had gone to General Hughes. Let me put it another way: supposing he said, "I have been in partnership with Yoakum in this; you of course know I was in the brokerage business, but I did not tell you that Yoakum was a partner with me in that business. I am entitled to a commission and I am going to take it and I claim the right to take it." I think he could have done it.

Sir WILLIAM MEREDITH: What would the effect have been if the Shell Committee had when it was considering executing the agreement of the 19th of June if the copy of that had been before them before the contract was executed, before they became bound, the letter dividing the \$2,000,000.

Hon. Mr. DUFF: If General Pease had had it before him.

Mr. HENDERSON: May I suggest one thing; the whole contract would have gone to the International people, because they had to get fuses. That is an extreme suggestion.

Hon. Mr. DUFF: Do you think it is extreme?

Sir WILLIAM MEREDITH: Do not you think it is probable that the commission would have been deducted.

Mr. HENDERSON: I do not know, sir. I do not think it is probable that these people would have come down further in price.

Sir WILLIAM MEREDITH: I do not want this Commission to end by unduly investigating the small affairs.

Mr. HENDERSON: I do not know of course whether the Shell Committee had in mind the profit that these people were making or not, but I can fairly say this, that they must have known that war prices are high prices. We all knew that. We all know that if a manufacturer under a war contract gets along smoothly with his contract, does not meet with the many difficulties that we have heard of, he makes a big profit. They must have known that there was a big margin of profit there.

Hon. Mr. DUFF: When General Picton threatened to shoot a war contractor because he was not carrying out his contract he went to the Duke of Wellington who said "I advise you to be careful because Picton is a man who will do what he says."

Mr. HENDERSON: That is history.

Hon. Mr. DUFF: Is not that feeling justified.

Mr. HENDERSON: It may be justified, but on the other hand what are we going to do about it? Can we get along without war contractors? Can we get away from the fact that the war contractor has to assume that odium as well as the risks of his business. That may be one reason why the profits are large profits.

Hon. Mr. DUFF: We can try to make them honest.

Mr. HENDERSON: That is one thing that can be done, but we are getting somewhat academic I think.

Hon. Mr. DUFF: I think so.

Mr. HENDERSON: I had nothing else to deal with, I think I have covered the letters as fully as they can be covered. The point I make about the letter is that there was no reason to write Yoakum, because the business understanding with him was clear and distinct—there was a real business understanding—it would have been idle to write Yoakum. It might be said in this particular case, "I will not ask for any commission, and I ask you to bring your price down further." That is the only thing I think he could have written Yoakum, and all I can say is that he did not. I am not attempting to excuse that—but like Mr. Carvell, I am making statements now not charges.

I do not intend to make any reference to the Lignanti document which took up so much time. I do not intend unless the Commissioners desire to make any reference to the sub-division of Allison's commission. I think that has been very carefully and fully explained. The only thing that I do want to say is that I trust that it has been abundantly demonstrated that the money has stayed with Allison. No part of it has gone to anybody, the Minister or the Shell Committee or anybody connected with the Shell Committee.

Having said that I can only repeat again that I do not desire to place Colonel Allison before you as any other than a business man, as any other than a man whose business during this period was war contracts. He made a profit; he has taken the profit. I do not discuss the situation that has arisen in the light of the evidence taken here as to what he should do with that profit. He claims that it is his, and he has disposed of it in the way that he has thought proper. But I do say this, that the evidence discloses here that there has been nothing whatever in any way, as Sir Robert Borden put it in his speech:—

That there has been no kind of influence existing between Colonel Allison and the Minister of Militia which did in any way induce the making of the contracts which are in question here.

That is the point, the crux of the investigation.

Mr. EWART: For fear of misunderstanding, I should like to say, acting for General Hughes, that I cannot accede to the statement that Colonel Allison represented General Hughes in the United States, unless the word represented is taken in a very restricted sense.

Sir WILLIAM MEREDITH: I understood that the observation made was that that was the position that Allison understood he occupied.

Mr. EWART: I was speaking rather with reference to the assent that Mr. Henderson gave to that statement.

Sir WILLIAM MEREDITH: I thought he dissented entirely.

Mr. EWART: My understanding of the position is that Colonel Allison was acting at the request of General Hughes in order to get down prices.

Hon. Mr. DUFF: I was only using the word—as I understood the facts Colonel Allison was asked very early to go down and make inquiries with regard to the financial position of possible fuse makers; and what I meant was that he was there in the course of doing those things that he had been asked to do, and he was understood to be acting in that way for him.

Mr. EWART: If that is the way it was meant, I have no objection. And in connection with the fuse contracts he was not representing General Hughes, at all, he was acting at his request.

Hon. Mr. DUFF: In that sense.

Mr. HENDERSON: My friend, Mr. Ewart, will recollect that the discussion arose out of the fact that you, sir, used the term "official."

Sir WILLIAM MEREDITH: Now, is there any objection to Mr. Atwater having five or ten minutes?—Is Mr. Laflamme there?

Mr. LAFLAMME: Yes, sir.

Sir WILLIAM MEREDITH: Have you any objection to letting Mr. Atwater proceed?

Mr. LAFLAMME: Not the slightest.

*Argument by Mr. Atwater:*

Messrs. Commissioners, I will endeavour to be very brief in the few remarks which I have to make. I think I am in the fortunate position of being almost the only one who has not assumed a somewhat more or less controversial position. I may say that I think that a great deal of what I thought I might be called upon to say for those I represent has been removed by the very fair and open statement made by Mr. Carvell in the course of his argument with regard to the International Arms and Fuse Company.

I think Mr. Carvell's statement evidenced the fact that he is convinced, as I am sure that you also, Messieurs Commissioners, and every one else who has been present during this long inquiry has been convinced, that that company and those gentlemen obtained the contracts which they did obtain from the Shell Committee without any undue influence being exercised in any way on their behalf, without going through any middlemen or any agents or anybody else, and that having obtained that contract at a fair price, that they have endeavoured to the best of their ability and at the risk of their personal fortunes and reputations to carry it out successfully.

Now, I wish, Messieurs Commissioners, in the first place to refer, and very briefly, because they have already been referred to several times, to the charges or statements—whatever we may choose to call them—that were made in the House of Commons with reference to the Company that I represent. On the 28th of March, 1916, Mr. Kyte in speaking refers to the incorporation of the International Arms and Fuse Company and the contract that was made by the Shell Committee with them. At page 2372 of Hansard, he says:—

I have also the incorporation of the International Fuse Co.—and this I may say, is the concern in which we are particularly interested.

He goes on to say, after reciting certain articles of the Act of Incorporation:—

They begin the business of manufacturing \$10,000,000 worth of fuses, the contract for which they received from the Shell Committee, upon a capital of \$3,000.

Then he goes on to read the contract of the American Ammunition Company and to say that it is similar to the contract of the International Company. That is not quite right. At page 2374 he says that the Shell Committee gives a contract:—

To this mushroom company to manufacture shell fuses.

Now, Mr. Carvell referred to the word "mushroom." He said that it was true in a sense that it was a mushroom company, because, as he said the mushroom grew up as suddenly as this company did. But the word has another meaning, a colloquial meaning. It has an acceptance that is far from complimentary. When applied to an individual or a corporation it means that it is something which not only grows up quickly but which has no substance.

Sir WILLIAM MEREDITH: It lasts like a mushroom.

Mr. ATWATER: He said:—

The company have no factory, no capital, nothing; and the Shell Committee very complacently furnished them with all the money to finance the undertaking.

Then he refers to certain paragraphs of the contract, and goes on to say:—

That means that in default of delivery of the fuses they—(that is the Shell Committee)—shall cancel parts of the contract and recover the amount back from the company. But how are they to do it? The company got one and a half million dollars from the Shell Committee immediately on the execution of the contract and half a million more four months afterwards. Then, if the Shell Committee cancelled the contract, they lost the one and one-half million dollars. Thus all they could do was to accept delivery when it suited the company to make it, or they would lose all the money advanced to the company.

Now, sirs, Mr. Kyte, in making these charges, ignored entirely the guarantee clause that was in the contract. I quite admit that the Minister of Finance later called attention to the fact that it was there, but so far as the public was concerned, and so far as the audience was concerned, the impression was really left that there was no security whatever furnished to the Shell Committee, that this company, the International Arms and Fuse Company, would be able to carry out their contract, or be in a position that the Shell Committee would be able to demand back any of the one and one-half million dollars which was advanced to the company.

Sir WILLIAM MEREDITH: It is clear that Mr. Kyte was misinformed on many points. That statement that precedes what you have referred to about all the money being advanced is quite inaccurate in view of the evidence here.

Mr. ATWATER: Quite so.

Mr. CARVELL: Might I ask my learned friend, also, to admit that Mr. Kyte did state that the contract provided for a guarantee?

Mr. ATWATER: I did not read that. If I had seen that I would have stated it.

Sir WILLIAM MEREDITH: How is that consistent with his statement that there is no remedy?

Mr. CARVELL: It is there. You will find that Sir Thomas White asked him to read it.

Sir WILLIAM MEREDITH: I thought you said that was in your speech.

Mr. HENDERSON: He asked the question and Mr. Kyte deliberately refused to answer it.

Mr. CARVELL: That is not true. As I have said already, while Mr. Kyte was still speaking, I took it to Sir Thomas White and pointed out the clause.

Sir WILLIAM MEREDITH: If that is the case, how could Mr. Kyte make the statement that there was no security for the money? If he knew that it makes the statement more inaccurate?

Mr. ATWATER: I quite accept Mr. Carvell's statement that at the time this discussion was taking place, Mr. Carvell himself called attention to the guarantee clause being there; but I have read through the report in Hansard, and the only reference I can find to actually support it is this, that after Mr. Kyte had gone on for some time and recited portions of the contract immediately preceding the guarantee clause, and immediately following the guarantee clause, without reference to the guarantee clause itself, Sir Thomas White interrupts and says, "Is my hon. friend placing that contract upon Hansard?" And Mr. Kyte answers, "Yes." Then Sir Thomas White says, "My hon. friend mentioned a guarantee clause in it."

Mr. CARVELL: That is it.

Mr. ATWATER: I have read it all through and cannot find it. Then Mr. White says, "Will he please read the guarantee provision in the contract, if there is one." Mr. Kyte goes on to say, "When I read this contract I referred to the name of E. B. Cadwell. Cadwell was not in the company when it was incorporated, but we find him in the company"—and so on.

There is no answer to the suggestion made or the question put by the Minister of Finance with regard to the guarantee clause.

Then later in his speech, at page 2380, we find that Mr. Kyte comes back to the charge, or makes again the statement if you prefer it, with regard to these contracts:—

No, they—" (that is the Shell Committee) "—made contracts with middlemen, with mushroom companies, which divided up not only the profits but the advances that had been made to them by the Shell Committee. The Shell Committee advanced to these people—"—which is a somewhat contemptuous way of referring to them—" the Shell Committee advanced to these people some three million dollars, and we know that that amount was given to them for the purpose of equipping factories. Now, three millions dollars would be enough to equip ten fuse factories in Canada; for as I am advised, \$300,000 will equip one fuse factory equal in capacity to that now operated by the Russell Motor Car Company.

Now, sirs I only refer to the statements made in Parliament because they have had this effect. The company that I represent and the gentlemen behind it as you must be convinced are of very high financial standing. They went into an enterprise such as manufacturing fuses in this country at the request of the Shell Committee, and to meet the need of the country in time of war. They staked to a very large extent their personal fortunes on that enterprise. They put into it \$2,700,000 of hard cash. They obtained an advance from the Shell Committee of \$1,600,000; but for that advance they had to give a security bond, which they had to purchase, and which they gave by means of one of the greatest guarantee companies in the world. That bond secured absolutely to the Shell Committee and to the British Government every dollar that was advanced to them if they failed to carry out their contract.

Now, that being the position it is a little hard—to put it mildly—that they should be held up as being practically swindlers, by a member of the Parliament of Canada speaking from his place on the floor of the House.

Those charges, or those assertions, found voice not only in the House of Commons, but they were reported throughout Canada as we all know. They created almost a panic amongst the people of this country. But those utterances were not confined to the country in which they were uttered; they found voice and were repeated in the United States where my clients are doing their business, where they lead their daily lives, and have their business connections. They were reported in every newspaper in New York, and they were reported throughout the States, and these people were held up as really participating in some attempted fraud upon the British Government, or upon the Shell Committee representing the British Government here in Canada.

Now, sirs, I am not going over the evidence, but I do think that under these circumstances that this Commission having been appointed, that the International Arms and Fuse Co., and the gentlemen behind it are entitled to some form of recognition; that these charges made in the Parliament of Canada against them were incorrect and were not founded upon fact.

I just wish to make one or two remarks upon the question of the evidence put in here. The first matter I would like to refer to is the origin of the negotiations that lead up to the contract. You will remember that Dr. Harris as early as the 19th of March 1915, made a direct bid in the name of the company in which he was interested, which was doing business in Toronto, in Canada, for these fuses at a rate of \$5.50 I think it was in million lots, or \$4.90 in two million lots or over, with a total capacity of not more than 4,000 fuses per day when in full operation. Then, on

the 17th of April, rather less than a month later, he made another firm offer in the name of another Canadian company, to the name of which there was some objection made. He made that offer at \$4.90. Then later on in April—on the 26th of April—Dr. Harris in conference with the Shell Committee or their representatives came to a price of \$4.50 on a suggested contract for the whole five million fuses, and matters got so far advanced at that time that there was actually a contract prepared by the Shell Committee. Suggestions for a contract were furnished by the Shell Committee to their lawyers in Montreal. Their lawyers in Montreal prepared a draft of the contract, and that was sent to Mr. Patterson by the Shell Committee from Montreal. The quantity contemplated at that time was the five million fuses, and the price was \$4.50. I refer to this, sirs, merely for the purpose of showing that as far as price was concerned, there was never any waiver or change from the 26th day of April when the price was agreed upon by direct communication between the Shell Committee and ourselves. There was no middleman. In other words there was no provision, no necessity for the provision for any commission or anything outside of the legitimate price that was to be paid for the fuse when it was manufactured and delivered.

Now, there is another thing that I wish to call your attention to on behalf of those gentlemen, and that is this, that from the start, from the time that Dr. Harris first contemplated going into this fuse business, it was his desire that they should be manufactured in Canada, in Canadian factories and by the aid and assistance of Canadian workmen. You will remember that he said himself that he was interested not only in the contracting company in which he had a large interest, but he was also interested in the Banfield firm in Toronto, well known machinists there. He was ready to put up extra buildings for them to undertake the business, and he was ready to put in a large amount of money; and that continued. Then, when he communicated with Mr. Patterson the subject of manufacturing in Canada was again spoken of, and they had in mind right down to the 1st of May the possibility and the desirability if they could do so of turning out these fuses in Canada.

You will remember that after the conference of the 26th of April in Montreal they had practically settled upon giving to us the entire contract of five million at a price of \$4.50 a fuse, and Colonel Lafferty and Mr. Patterson and Colonel Birnie, all went to visit the Canadian Explosives Company in Montreal, in a sincere endeavor to get them to co-operate with them in manufacturing here in Canada, in Montreal. And it was only when the Canadian Explosives Company had turned them down and refused to consider the proposition made to them that they felt that it was necessary for them to do this manufacturing in the United States.

Mr. Patterson has explained, and I need not refer to the evidence in detail—he has explained as you will remember, and so has Dr. Harris, that he considered it a necessity to manufacture there because of the difficulty of obtaining proper workmen here, and also the difficulty of obtaining proper experts.

Now, that matter of experts is the crux of the whole situation so far as the manufacturing of these fuses goes. Without an expert—you might as well have a ship without a rudder. The true secret of the ultimate success of this company in turning out these fuses lies, I submit, in the fact that they were far seeing enough and wise enough to secure two men who were competent to direct the operations and instruct those handling the component parts. Those two men were Colonel Birnie and Major Hawkins.

Now, I have referred already to the question of the capital that was invested. I have produced here photographs of the buildings and the other works of the plant at Bloomfield, which speak more accurately and eloquently than anything I can say as to what has been done in the way of erecting a plant by these gentlemen.

You have heard of the efforts that they have made; you know that they were delayed considerably at the beginning of their operations by strikes in the works of their sub-contractors; by having their sub-contractors falling down, and generally all the troubles that surround the carrying out of a new enterprise, about which apparently

very little was known at the commencement. I think I may safely say that the wonder is that they have been able to achieve as much as they have achieved within the time. You heard what Mr. Lyon Brown said, that he would have considered it impossible for a new corporation to get going and turn out fuses in any considerable quantity within a year, I think he put it. As a matter of fact, the International Fuse Co. commenced their contract on the 19th of June last; they commenced their operations in August. They have turned out fuses that have passed the test in large quantity until as it was put in evidence here, their output daily is between twenty-two and twenty-five thousand. And, as a matter of fact, I may say—although it is not in evidence, they turned out about 26,900.

Now, in addition to that I think that they are entitled to recognition because they have given every assistance in their power to the present Munitions Board in Canada, and the plant and "experts," if I may call them so, in the plant at Verdun. More than that, they have given assistance to all the manufacturers in Canada who are trying to carry out contracts for the British Government, or who are working under Canadian contracts. They have assisted the Russell Motor Car Co. as Mr. Russell himself testified here; they have assisted Mr. Hathaway; they have assisted by the loan of their sub-contractors and the use of their gauges to all the companies that had any need of their services. In addition to that, they have allowed these companies to make use of the services of Major Hawkins, their expert. As a matter of fact, reference was made to it by Colonel Carnegie, that the Munitions Board of Canada, about ten days ago requested the International Arms and Fuse Co. of Canada to lend the services of Major Hawkins for a day to the American Ammunition Co. to straighten out the difficulty they had with regard to the loading of these fuses, and that request I understand was complied with.

I think I may safely say on behalf of these gentlemen that they have made an honest endeavour to carry out a contract which was obtained in a perfectly fair and businesslike manner, and without any undue influence of any sort. There is just one other thing that I want to say. It was suggested in the course of the argument yesterday that the price that was set by us on these fuses of \$4.50, was to some extent influenced by the arrangement we had tentatively with the DuPonts for the loading. Reference was made to Mr. Patterson's evidence in that respect, and it was suggested and the DuPonts having failed to live up to their undertaking to load at a certain price, might have enhanced the price that we would charge, and that we might have withdrawn from the contract at \$4.50.

Now, I think if you will read on in Mr. Patterson's evidence you will find that so far from being disturbed or being driven out on account of DuPont's failure, he immediately turned his thoughts to the idea of establishing a loading plant, and not relying upon DuPont's or any other contractor for the loading. I think it is a fortunate thing that they had to resort to that, because, the result has been that they have now got a complete plant capable not only of assembling the parts, but of loading the fuses, so as to supply the completed article. And I say this sirs, that I think the result of this contract so far as we are concerned has been to establish at that plant in Bloomfield, N.J., one of the finest fuse factories in the world, if not the finest in the world; and I am not going a step farther than the facts justify me in going when I say that. The construction of this factory and the attainment by it of its present efficiency and capacity is an asset not only to the gentlemen who have established it and risked their fortunes, but it is an asset to the cause of the Allies. It is a plant and a factory which is available for the construction of that most needed arm in the service in time of war, munitions, of which the fuse is a very important part; and it can be relied upon as the evidence before you shows, to turn out fuses already at the rate of from twenty seven thousand to practically thirty thousand a day, with a possible capacity of a great deal more.

I have not intended to be controversial, but I think in justice to these gentlemen and in justice to their efforts, that we are entitled to ask that this Commission in its



finding make some reference to us which will absolve us from the charges which were made against us by a Member of the Canadian House of Commons from his place in the House of Commons during a debate. Whether that member spoke in ignorance or not makes no difference, except so far as his intentions were concerned. The result to us has been to cast a slur upon our conduct, upon what has been done by us, and a slur which I think I am justified in asking shall be as far as possible removed by the finding of this Commission. I have to thank you.

Mr. CARVELL: Inasmuch as I am leaving this afternoon, I would like to be allowed to point out the references in Mr. Kyte's speech as to the question of the guarantee clause. I do not think my learned friend wished to be unfair, but perhaps not knowing the transaction as well as I did, he did not follow it so closely.

If you will look at page 2373 of the Unrevised Hansard, you will find that Mr. Kyte was not pretending to read the whole contract. I think I may be allowed to say that it is a general practice in Parliament when a document is read in that way to have it go in as a whole. I do not know why, but I suppose it was carelessness on Mr. Kyte's part that this did not go in as a whole, but I will show you later on that he thought it was all in.

I refer now to page 2372, about two-thirds of the way down the page. He was reading sub-paragraph A and says:—

Then we come to the important part: the purchaser shall make an advance to the company in New York funds of 15 per cent of the total amount of the purchase price at the following rates and periods:

“(a) Ten per cent on the execution of this contract and the delivery to the purchaser of the proper agreement guarantee hereinafter mentioned.”

Now, he referred to that. It is true that he did not read that portion of the document referring to the guarantee. In a very few moments afterwards Sir Thomas White asked:—

Is my hon. friend placing that contract upon Hansard?

Mr. Kyte: Yes.

Sir Thomas White: My hon friend mentioned a guarantee clause in it. Will he please read the guarantee provision in the contract, if there is one?

Now, I can state as a fact that Mr. Kyte looked and could not put his finger on it, and I took the document and took it across the House to Sir Thomas White.

On page 2377 Sir Robert Borden asks:—

Would he be good enough to send over any of the agreements he may have as he finishes with them?

Mr. Kyte: I will send over everything that the right hon. gentleman is entitled to have from me. The Munition Board is not very ready to give us information; I do not think we should hesitate to stand upon our rights in regard to this matter.

Sir Robert Borden: I was not asking the hon. gentleman to depart from any rights. I was merely asking, as a matter of courtesy, if he would have any objection to sending over the agreements he has read.

Mr. Kyte: We have sent over one document already.

That is the one I took over to Mr. White. Then, you will find later on that Sir Thomas White moved the adjournment of the debate, and spoke of this guarantee matter. You will find that at page 2390:—

Mr. Speaker, it is twenty minutes after twelve o'clock, and, as I have a good deal more to say upon this subject, and would like to look into one or two matters, including this point of the guarantee, I beg to move that the debate be adjourned.

Sir Thomas White had had the document in his hands for two hours, and we had pointed out that clause. I have no comments to make, but I want to say that Mr. Kyte certainly expected that that portion of the document would be put in Hansard.

Sir WILLIAM MEREDITH: It is unfortunate that it was not set out in full.

Mr. CARVELL: I think it is, but Mr. Kyte thought it was because he was asked, "are you placing that contract upon Hansard", and Mr. Kyte said yes.

Mr. NESBITT: So that Mr. Carvell may answer, I ask him will he explain what is to be said in reference to Mr. Kyte's statement on page 2376:—

After they got the \$1,000,000 from the Shell Committee they immediately proceeded to divide it for their trouble in negotiating the contract with the Shell Committee—and that is not to be investigated.

And, he had in his hand the contract, my friend says. He did not read it apparently; it is not in Hansard and he did not state—it is not in Hansard—that the contract on its face showed that there could not be any division except as the money was earned by the production and delivery of fuses.

Mr. EWART: Could he also explain this? Mr. Kyte read every paragraph of that contract down to paragraph 15 which is the paragraph containing the guarantee. He read the number of those paragraphs down to paragraph ten, then he omitted the numbers from 11, 12, 13, and 14, and omitted altogether No. 15. Where that should come in he said:—

That means that in default of delivery of the fuses they shall cancel parts of the contract and recover the amount back from the company. But how are they to do it? The company got one and one-half million dollars from the Shell Committee immediately on the execution of the contract and half a million more four months afterwards. Then, if the Shell Committee cancelled the contract they lost the one and one half million dollars, thus all they could do was to accept delivery when it suited the company to make it, or they would lose all the money advanced to the company; and all they could do was to plead with the company to make deliveries.

That statement went in in place of clause 15.

Mr. CARVELL: Messrs. Commissioners, if you take the clause referred to by Mr. Nesbitt I think it would be somewhat misleading. I remember very well—I was sitting alongside of Mr. Kyte and I saw (perhaps I had read the contract more carefully than he)—I spoke to him about it, and you will find on the same page:—

"Several other conditions are stated in the agreement, one of which is that the commission of \$1,000,000 and each and every part of the same when and as received by E. B. Cadwell & Company, Incorporated, shall be received by it as trustee and shall belong to said parties of the first and second and third parts in the following proportions: Four hundred and seventy-five thousandths to B. F. Yoakum, two hundred and seventy five thousandths to E. W. Bassick and two hundred and fifty thousandths to E. B. Cadwell & Co.; and that the said trustee shall have full power and authority to give receipts and so on. It provides also where the money shall be deposited; that it shall be divided at once into the proportions named, and that the said trustee further agrees to act as such trustee without compensation."

Sir WILLIAM MEREDITH: He puts the words there.

Mr. CARVELL: Yes. I am not trying to get away from the situation at all. I think that Mr. Kyte did not properly appreciate the true construction of the document, and as I said, I sat alongside of him and I pointed out to him—you cannot do very much to set a speaker right—and that very explanation was made. That is the only answer I have to give. I am not trying to get away from the position.

Sir WILLIAM MEREDITH: Are there any more extra judicial statements.

Then, Mr. Laflamme, we will hear you at half past two.

Mr. CARVELL: Mr. Markey desires a few words in reply.

Sir WILLIAM MEREDITH: I do not know whether we are going to allow any reply.

Mr. HELLMUTH: I propose to say a word, not in answer but in regard to the scope of the Commission.

Mr. CARVELL: Might I ask this question? The Chief Justice suggests that he does not know whether we are entitled to reply. We were compelled to open and state our case first. It would seem from the practice in the courts that we would have the right to reply.

Sir WILLIAM MEREDITH: Strictly, Mr. Hellmuth opened the case.

Mr. CARVELL: No, we opened. I must take the ground that we opened.

The Commission resumed at 2.30 p.m., June 9th, 1916.

#### AFTERNOON SESSION.

The Commission resumed at 2.30 p.m., June 9, 1916.

##### *Argument by Mr. Laflamme:*

Mr. LAFLAMME: In rising I am afraid I will have to make a promise which others of my confreres at the Bar have made, and have failed to carry out, namely to be concise, and I think that in one hour I will have stated, and submitted to you Mr. Commissioners, the substance of what I believe it is my duty to submit.

Hon. Mr. DUFF: Provided the weather is favourable.

Mr. LAFLAMME: Provided I am not compelled to row against the current.

There have been raised at the outset two very interesting, and I believe very important questions, which in my humble opinion dominate the whole question as to how the facts adduced should be construed and appreciated. One of these questions has been raised by my learned friend Mr. Hellmuth, and that is what is the meaning of the terms of the Order in Council? On that question you have noticed Mr. Commissioners, quite a discrepancy of views between my learned friend Mr. Hellmuth on the one hand, and on the other the stand taken by my learned friend Mr. Johnston and by Mr. Carvell, Mr. Hellmuth contending that the terms of this Order in Council should be construed in the atmosphere in which the order was conceived, namely, that the subject matter of the investigation is to ascertain whether dishonest transactions were had in connection with these contracts. On the other hand, Mr. Carvell and Mr. Johnston hold, and they have submitted that that construction is to be restricted, that although it includes the dishonest or honest character of these transactions it also should be made to cover another question, whether these transactions were business-like or unbusiness-like. The members of the Shell Committee in front of this situation have to take a stand, Mr. Commissioners, and I did not feel the necessity of consulting these gentlemen to take the stand which I now take on their behalf, and which I am sure will be supported by my senior Mr. Nesbitt in a moment, and that is that although they believed that the interpretation placed upon the terms of the Order in Council by Mr. Hellmuth is that which should be accepted, yet in fact they are willing to abide by both and be dealt with accordingly, namely that they have had no objection not only that the moral character of these transactions be investigated, but also the question as to whether or not they acted with wisdom or with a sufficient amount of sound business judgment, and I think that in that regard, Mr. Commissioners, the members of the Shell Committee have as much as in their power lies, assisted the Commissioners and my learned friend who represents the Government here, in disclosing all the evidence, documentary and other, which they possibly could have in their possession. The second question which was raised yes-

terday afternoon by my learned friend Mr. Ewart, and elaborated by my neighbor here Mr. Lafleur is much more important. If I were addressing a Court I would term it a question of jurisdiction. It is suggested here that in view of the conditions under which the Shell Committee (what has been so elegantly termed a Shell Committee) were appointed, because they were appointed by the British Government through the Minister of Militia and Defence, their dealings cannot be made the subject matter of an investigation before this Board of Inquiry. Now, it is I think convenient for the Shell Committee to also express their view on that question. We know the genesis of this inquiry. It originated in a motion made on the 7th March, referred to yesterday, in the House, intended to provoke an investigation into all contracts and transactions entered into by the Shell Committee since inception. That motion was outvoted, and I find in the record here the reasons given by Sir Robert Borden to justify the refusal of the Canadian authorities in refusing to investigate these matters. The reasons are about, I should say, in substance, three in number. First: that the Shell Committee was appointed by the British Government; second: that it acted under the direction and within the control of the British authorities; and third: that in any event they were dealing with matters involving the expenditure of British money. Those three reasons, Mr. Commissioners, appear in my humble opinion to be founded in common sense and sound logic. If they were true on the 7th March they are equally true to-day.

Now, why this investigation? Sir Robert Borden added that although he did not consider that the Canadian Government should investigate the dealings of the Shell Committee, yet he felt it his duty to make known to the War Office any statement, charge, or rumour which might come to the knowledge of Canadian authorities. It is to be presumed that that was done. What is certain is that the British Government, neither the War Office, nor its successors the Ministry of Munitions, nor even the Imperial Board of Munitions appeared before you or were represented before this Board. That was the situation until Mr. George Kyte pronounced, on the 28th March, the speech which had been used as the basis upon which it was seen to fit to order this inquiry. Sir Robert Borden on the 7th March had stated that the position might be very different if a charge was laid against a member of the House or against a member of the Cabinet. In view of that statement Mr. Kyte made on the 28th March, I will not say a speech which contains a formal or formal charges, but which contains, I am not sure whether the expression is good English, but it will be understood, a juxtaposition of statements which taken together implied serious charges against the Minister of Militia and against Col. J. Wesley Allison. Thereupon, and because these charges were directed against a member of the House, who was a member of the Cabinet as well, the Canadian Government ordered this inquiry, and on reference to the terms you will notice, as you have already no doubt, Mr. Commissioners, that the Prime Minister had to place, as it were, Mr. Kyte's speech under press in order to make an extract of its essence, and he extracted from that portion of Mr. Kyte's remarks having reference to fuse contracts, what is contained in the Order in Council which created this Commission, namely an alleged connection of the Minister of Militia and Defence with four contracts, one of which never existed, the result of which had been enormous commissions or profits which had gone to Col. Allison, and the undue influences brought to bear upon the members of the Shell Committee in order to place these contracts and impliedly to benefit J. Wesley Allison. So that the position as it were had been referred. It had ceased to be an intended investigation by the British authorities with the co-operation of the Canadian Government into the transactions of the Shell Committee, but had become an investigation by Canadian authorities on the transactions of a Minister of the Crown, and there Sir Robert Borden saw the necessity of advising the War Office of what was about to be done, and he did so by cabling the High Commissioner in London, Sir George Perley, on the 10th March, that this Commission would be held to investigate what has been investigated; and I find at the bottom of page 5, that on the 30th of March Sir Robert Borden added that neither of

these messages to Sir George Perley had yet received any reply. From the 30th March up to the present day it does not appear that the British Government has taken any move in the matter. It is certain that it has not been represented before this inquiry either directly or through the agency of the Imperial Board of Munitions. That being said, what conclusions naturally flow from this condition of affairs? In the first place I entirely agree with what has been submitted yesterday by Mr. Lafleur, that although it is impossible to investigate into the connections of Sir Sam Hughes with these contracts, into the profits or commissions realized by J. Wesley Allison in connection with these contracts, and into the influence, proper or improper brought to bear by the Minister upon the members of the Shell Committee in reference to these contracts, it is impossible and was impossible to proceed with an investigation unless the whole of the transactions so far as the members of the Shell Committee were concerned were equally investigated and to the same extent. But I would, Mr. Commissioners, draw this distinction, that the actions and the transactions of the members of the Shell Committee regarding these contracts, constitute elements of proof and not facts to be proved; whereas the connection of the Minister with these contracts, if the connection there was, and the influence which he saw fit to bring to bear upon the members of the Shell Committee to grant these contracts, are facts to be proved, with the consequence that although you of necessity were bound to receive all the facts as proof you are not bound, I respectfully submit, to find except upon the facts to be proved, and the facts to be proved are those which are named in the Commission itself, namely facts which may or may not affect Sir Sam Hughes, and those which may or may not affect J. Wesley Allison.

A second conclusion which flows quite naturally from this extraordinary situation created to the members of the Shell Committee by the terms of the Order in Council is, and that has struck Mr. Commissioner Duff while the investigation was proceeding, that no charge was laid in the Order in Council itself against the members of the Shell Committee. There was a direct charge against Mr. Allison, and a very insidious, but real charge against the Minister, no charge against the members of the Shell Committee. They were therefore placed in a very anomalous sort of situation. They had to appear before you as witnesses and endeavour to find for themselves from two sources of information what were the charges which it was intended to lay against them.

Sir WILLIAM MEREDITH: May I ask you one question when you have just finished this?

Mr. LAFLAMME: Yes, my lord. Those two sources of information were in the first place the pronouncement of Mr. Kyte; in the second place they had to detect in the very artistic cross-examination of my learned friend, Mr. Johnston, and the more aggressive cross-examination of my learned friend, Mr. Carvell, what other charges, apart from those contained in Mr. Kyte's speech, it was intended to prefer against these gentlemen; and I think, Mr. Commissioners, that these charges may be summarized in a very few words.

Sir WILLIAM MEREDITH: As I understand your argument it is, that for the purpose of ascertaining whether undue influence was used it would be a relevant fact to show that the contract was a grossly improvident one as tending to show that there was something corrupt?

Mr. LAFLAMME: Exactly.

Sir WILLIAM MEREDITH: That is the line of demarcation you make?

Mr. LAFLAMME: Yes; in other words I do not believe I could put it so far as I am able more clearly than to say the charges against the Minister and Mr. Allison are facts to be proved, such as facts fixed and submitted to a jury, whereas—

Sir WILLIAM MEREDITH: And it will be a relevant fact to show that the contract was a grossly improvident one.

Mr. LAFLAMME: Yes; whereas the facts connected with the actions of the members of the Shell Committee themselves are merely elements of proof which are received, not a subject matter of finding of this Commission, but in order to support, attenuate, or destroy the charges made against the Minister and against Mr. Allison. What are those charges? I think that it would be wasting words to divide and subdivide them. The first charge is that of having granted these contracts to companies financially unable to carry them out. I think this is a natural interpretation of the word mushroom. The second charge resides in the reproach that advances should not have been made. The third charge is that the contract was brought about by undue pressure or improper influence exercised by the Minister upon the members of the Shell Committee coupled by lack of resistance of these gentlemen, who unduly yielded for the purpose which has already been referred to. Another charge resides in the suggestion that abnormal prices were stipulated for both kinds of fuse and for the cartridge cases. And finally it has been stated and insisted upon with very much more eloquence than I see room for it, that Canadian manufacturers had been purposely excluded, or at all events neglected. I think, Mr. Commissioners, that to my sense summarizes in substance the charges which have been laid both by Mr. Kyte in the House and by the gentlemen who, although repudiating the suggestion that they are prosecutors, at least gave us the impression that they were a little more aggressive than my learned friend, Mr. Hellmuth.

Before dealing with these charges I would like to advert for a moment to a general observation made by my learned friend Mr. Carvell the day before yesterday connected with the very extraordinary, as he stated, relationship which existed between the members of the Shell Committee and the British War Office. I endeavored to follow his line of argument, and although I have found the premises laid I fail to see he drew any conclusion from them. At one time these gentlemen were legally agents for the War Office. That was between 7th September until 1st October, so far as the first order for munitions was concerned, and eliminating for the moment the contract of the 20th October, they were again agents for the War Office in regard to the bulk of these munitions which were ordered between the 1st October and the 1st July which include the 5 million fuses, which have formed the subject matter of this investigation. But by the effect of these contracts which they did not ask for, but which they were requested to sign on the 1st October and on the 1st July they became legally independent contractors. That is what my learned friend Mr. Carvell submitted. What conclusion did he draw from that situation? None that I know of except that he directed your attention, Mr. Commissioners, to the fact that he had never heard of such a contract of agency. No doubt if my learned friend Mr. Carvell had stopped for a moment for reflection he might have thought that the contract of agency *del credere* is one similar to that which existed between the members of the Shell Committee and the War Office. But if my learned friend Mr. Carvell did not draw a conclusion, we might draw the conclusion ourselves. As agents, they had agreed with the War Office to deliver the completed article at a fixed price, as contractors they had agreed to deliver the complete article at a fixed price, if I mistake not at a price of \$18 and at a price of \$17.50. As agents their interest, it seems to me, was to stipulate a low price on the component parts, including the fuses, in order, as General Bertram put it, to show to the War Office that we made a creditable job. As contractors they had the same interest, because if they stipulated an excessive price for all they knew might be made accountable for the loss, and if they intended to take the profits the lower price on the component parts the greater the profits for themselves. That is the conclusion I would draw from the condition under which these gentlemen were placed—I have reference particularly to the four contracting members of the Shell Committee. But as it turned out they executed the contract of the 1st July not according to its letter, but according to its spirit. Now, let us see how they dealt with the contracts for fuses under discussion. The first charge that has been laid by Mr. Kyte—

Hon. Mr. DUFF: Are you supporting the view put forward by Colonel Carnegie in the letter to the Prime Minister that they were not responsible as agents to anybody for what they paid for fuses? That their only duty was to furnish the completed munitions at the price mentioned in the communication to the War Office?

Mr. LAFLAMME: I understood, Mr. Commissioner, that at the time that the letter was written there had been a question brought up between Mr. D. A. Thomas and the Shell Committee on the advisability of calling for tenders in lieu of eliminating the demand for tenders and stipulating for prices in particular cases; and I would construe that statement contained in Colonel Carnegie's letter as nothing else but an argument in the dispute on the question of whether or not one system was better than the other?

Hon. Mr. DUFF: It has a greater significance than that, although I merely refer to the letter in order to identify the position. In point of fact what Colonel Carnegie said was this: it was in the letter sent to the Prime Minister in reply to the memorandum of Mr. Harris, and what Col. Carnegie said was, there has been some criticism on the price paid for the No. 100 graze fuse, and with reference to that he took the position that so long as the completed ammunition was supplied at the price mentioned in the communication with the War Office the Shell Committee were accountable to nobody; and of course that is the position which he repeated here in the witness box when he was asked to explain why it was he did not communicate with Morgans; he said, "We were contractors and they were agents." I did not want to go into the controversy again at all, but are you sustaining that position?

Mr. LAFLAMME: I am willing and ready to give the only answer that you wish to give, and that is a frank answer.

Hon. Mr. DUFF: Certainly.

Mr. LAFLAMME: Colonel Carnegie at that time could not help knowing that whatever reductions could be obtained on the component parts would not be a profit for the contracting members of the Shell Committee, but were a saving for the War Office.

Hon. Mr. DUFF: He does not with reference to the question of profits, you see; the question of profits has really little or nothing to do with it, that is to say it has only an incidental bearing. The real point is accountability. These positions were put forward by Colonel Carnegie, not with reference to profits but with reference to the question of accountability, and it was with reference to that I rather asked you the question.

Mr. LAFLAMME: Not only accountability but their general policy in dealing with the prices of component parts. But whatever might have been the reasons for Col. Carnegie to put up as an argument that in view of the contracts then existing which had incorporated the prices suggested or accepted by the War Office the fact is that they kept an account of how much the component parts had to be charged for, and they have been able to a certain extent to bring before the Commission the difference in dollars and cents between the amount—

Hon. Mr. DUFF: We have had no evidence of that, you know.

Mr. LAFLAMME: Except, my Lord,—I am not going to insist on the fact that that statement which is printed in the record should be considered in view of what has been said, but there is no doubt whatever that a large reduction was made.

Hon. Mr. DUFF: For my part I do not think there is any evidence of that at all; but that was not the point; I am not going to say anything more about it, but the question I asked you was whether you sustained that position—it will be quiet a sufficient answer to me as to whether you consider it necessary to discuss it at all. If you do not think that question of the position of the Shell Committee is particularly material then—

Mr. LAFLAMME: I have lived long enough to always consider it necessary to discuss a suggestion coming from the Bench.

Hon. Mr. DUFF: Do not misunderstand me as asking you to discuss it at all; I only wanted it to be quite clear that I understood what the attitude was.

Mr. LAFLAMME: I think to a certain extent Col. Carnegie was justified in making that statement, taking both views, taking the view that these men were in law contractors, taking that view his conclusion cannot be disputed, "If we are contractors and if we agree to manufacture, and supply for you articles of munitions at a stipulated price which you accepted, it is none of your business to ascertain what we pay for the component parts. I think there cannot be any dispute about that.

Hon. Mr. DUFF: Putting it that way, you could, perhaps, put it a little more strongly by saying that if the four contracting members had in reality bound themselves in such a way as to incur an actual legal liability, so that it was understood by everybody that they were incurring an actual legal liability, and if they were the persons who were taking the responsibility of letting these sub-contracts, then at least they should be allowed to say in regard to them that it would be an unreasonable thing that they should be asked to do any more than to produce the result they had undertaken to produce.

Mr. LAFLAMME: Exactly. But the position, I admit, becomes somewhat more delicate if you take the other hypothesis; as agents, the question can be disputed, was that contention founded or not? Let us not forget as agents, they had agreed towards their principal to deliver to the War Office five million fuses, component parts of five million shells, and that the price for each shell had been fixed at \$18 and \$17.50 each respectively. Now, is not that a case similar to a case such as this? I appoint an agent and I give him a mandate to purchase a horse which I have seen, which I identify, for a sum of \$500. He buys the horse for \$480. Now, is he accountable to his principal for the difference? Eliminating any element of fraud or anything which might classify his action as a secret commission? That is about the situation in which these gentlemen would have been placed if you look at it from that point of view.

Sir WILLIAM MEREDITH: Was Colonel Carnegie's attitude or his statement any different from this? We had bound ourselves to deliver these articles; we were to have a free hand as to supplying the component parts so long as we delivered the completed article according to the price we had undertaken to deliver it at—I did not understand, at least that impression was formed upon my mind, that they had a right to waste money or do just as they pleased, but that their judgment was not to be fettered in dealing with the sub-contracts.

Mr. LAFLAMME: They no doubt were granted a certain amount of discretion within the bounds fixed by the prices accepted by the War Office.

Hon. Mr. DUFF: But the real point is whether in dealing with the sub-contracts, that is to say in expending the money which was placed not in the hands of the four contracting manufacturers, they are called, but placed in the hands of the Shell Committee as a whole, consisting of more members than the four contractors, whether in dealing with that money which was placed in their hands they were acting on behalf of these contractors and subject to the control of the contractors, or whether they were acting for the War Office and responsible to the War Office for the administration.

Sir WILLIAM MEREDITH: Let us just try it in a practical sense. Supposing somebody from the War Office came out and said, "You are paying too much for the component part," and the result was they were not able, owing to the interference of the War Office to complete the contracts they had made; what would have been the result? I think that what Colonel Carnegie meant was that they were not to be subject to that, that so long as they exercised their judgment as to the prices at which they were to let the sub-contract they were not subject to any control. That was his view right along, as it struck me.



Mr. LAFLAMME: However, Mr. Commissioners, I have said all I have to say on that question. I am free to admit that it is open to at least a debate, but I don't believe that it has very much practical importance so far as their dealings with these fuse contracts are concerned.

Hon. Mr. DUFF: No, I really want to know if you felt it had any special importance just what your view was; that is all.

Mr. LAFLAMME: Now, Mr. Commissioners, there are two charges made which loomed up very big at the outset, but which are now reduced to almost nothing. Those charges were contained in Mr. Kyte's speech. They were the charges which I believe most impressed public opinion at the time; first, that the International Fuse and Arms Company and the American Ammunition Company were not financially reliable; and second, that the advances were injudiciously made. I am not going to waste the time of this Commission in showing that so far as the first is concerned it has absolutely no foundation whatever. It is all very well to say these companies were created from night to morning; why so? The war broke out suddenly; the war brought about necessities, a state of urgency, and having in view what we know to be the results of education, and labour, of necessity these companies had to be created as distributing companies in order that each manufacturer, more skilled in the manufacture of one part might give his whole time to it, say establishing factories for the purpose of assembling and loading these fuses. It has been proved here beyond doubt that both the Patterson combination and the Cadwell Co. are most reliable companies from the point of view of their financial capacity. So far as the advances are concerned the American Ammunition Co. received both for the 10 per cent and the additional 5 per cent, the amount of \$1,562,500.05. What have they paid out? They have paid out to their sub-contractors, \$1,053,084 and left on deposit in the Guarantee Co. \$560,000. They have in addition expended in their undertaking \$1,550,000 and have obligated themselves for the sum of \$445,000. That is established beyond doubt in the evidence of Cadwell at page 745 of the record. The International Arms and Fuse Co. received as representing the 15 per cent advance, \$1,687,500. What have they expended? They have paid about \$800,000 to their sub-contractors. They have left a balance of the amount with the Trust Co., and they in addition have expended for the purpose of establishing their plant and fitting it up an amount of \$2,700,000. That is proved beyond doubt also by Mr. Patterson at pages 519 and 520 of the record. So that these advances were put not to the use that had been suggested in the House, they were not divided among promoters or middlemen. They have been in both cases invested to carry out the very contracts which are now under discussion. So far as the liability of these advances being lost, I need not dwell upon clauses 14 and 15 of the contract, which imposed the obligation about the guarantee, which guarantee was given to the satisfaction of the Shell Committee, and I am sure will be considered more than sufficient by you Mr. Commissioners, so that there is no danger as regards that. Before dealing with what I have to say regarding the prices for both fuses, I wish to come to what, as it were, introduces the subject, and that is the charge made that Sir Sam Hughes was the oppressor, and the members of the Shell Committee the oppressed as regards the granting of these two contracts for the purpose of benefiting his friend Col. Allison. I may say that I have no mandate to offer in defence for Sir Sam Hughes, and from what I can see he has no need of defence in that regard. What has been his connection with this Committee broadly speaking? As I view the evidence he appears officially on the scene on certain well defined occasions; first, on the 2nd September. We all remember the interview which he had with Col. Lafferty. It sounds a little like a conversation between Napoleon and his marshalls: "Lafferty, get those manufacturers together"; Lafferty says "When?" "Next Wednesday." Lafferty says, "I cannot do it, it will have to be next Monday." "No, too long, I want them there Wednesday." They met on the Wednesday, they appointed a chairman, and these manufacturers deliberated together without any inter-

ference whatever on the part of Sir Sam Hughes. The second occasion he creates these gentlemen the Shell Committee on the 7th September; but what mandate does he give them?

Sir WILLIAM MEREDITH: That was Napoleonic too?

Mr. LAFAMME: Exactly. What mandate does he give them? "For action." That is to say "Go and do it." Next he meets them for a day or two on the 8th and 9th September at the Quebec arsenal to give them the facilities of the arsenal in order to obtain whatever information they could get. Next he signs the contract of the 1st October, 20th October, and of the 1st July, and one of the two contracts of the 19th June. Then in March he tells them, "See Allison and tell him to break that price," I mean the \$4.90 price; and finally he appears again on the last day when the committee is dissolved. That is the general outline of what an outsider would have seen. What influence did the Minister bring to bear upon these gentlemen to compel or to induce them to enter into the fuse contracts? In the first place let us eliminate a few features. He could not have exercised any pressure upon Colonel Cantley; he was absent. Nor upon Colonel Watts, who only appeared at the meeting of the 4th June officially as a member of the committee. He could not have exercised any pressure upon the contract granted to the International Arms and Fuse. That is not disputed at all. Nor did the contract for the manufacture of proof cases come in for consideration, because this contract was granted about three or four weeks subsequently. So that the only parties or persons of the Committee upon whom Sir Sam Hughes could exercise any pressure were Colonel Carnegie and General Bertram. Now, if he did exercise any pressure upon them to compel or induce them to grant to the American Ammunition Company a contract for 1,666,666 graze fuses at \$4 he must have done it between the 28th May and the 5th June. What does the evidence disclose? On the 1st June the price of \$4 was arrived at for the graze fuse. He takes part in that discussion, Mr. Bassick holding out for \$4.25, Mr. Yoakum neutral, and Mr. Cadwell willing to put the price at \$4; debating the question with whom? With General Bertram and Colonel Carnegie. Now, we do not see that the Minister of Militia in any way interfered with that part of the negotiation in order to induce the members of the Committee to do two things that it should not have done, first to accept a price of \$4, and second, to allow this contract to one company in preference to the other. That compels my learned friend Mr. Carvell to say, "I believe that he did," or "I suspect that he did." But, my Lord, suspicion is not an element of proof. A presumption is, and a presumption must be based upon facts; and what facts are there which transpired between the 28th May when Colonel Carnegie understood for the first time that what was required was a graze fuse, and the first of June when the price was fixed at \$4 to serve as a foundation to the presumption that the Minister of Militia exercised the pressure which has been so much commented upon here. Mr. Kyte apparently realized the situation, and if you refer to his speech of the 28th of March you will find that he tries to connect the Minister with this fuse contract by reading and incorporating in his speech the certificate appended to the contract executed with the American Ammunition Company and signed by the Minister, and he adds in substance, "That is getting very close to Sir Sam Hughes."

Now, if that means anything it means that the Minister then came to the footlights, and that he signed the certificate annexed to the contract with the American Ammunition Company, whereas he had not done so with respect to the contract executed with the International Arms and Fuse Company because he intended to favour the one and not the other.

Mr. Orde has given the story of that intervention.

Hon. Mr. DUFF: Do you think you need assume that it is disputed that those documents were signed without reading the contracts?

Mr. LAFLAMME: I am quite sure they were signed, I mean so far as Sir Sam Hughes was concerned I am positive that they were not.

Sir WILLIAM MEREDITH: One would have thought, Mr. Laflamme, that if the fraud was contemplated his name would be omitted from that contract and would be on the other?

Mr. LAFLAMME: Precisely, sir.

Hon. Mr. DUFF: An explanation was given in a good many ways by Mr. Orde and Mr. Cadwell. In any event the contract was between the Shell Committee and some one else. They wanted somebody they could put their finger on and say that they recognized the handwriting, and it was put before Sir Sam Hughes and he was asked to sign it, and he signed it. Do you think that is disputed at all?

Mr. LAFLAMME: What I dispute is the insinuation that is contained there.

Sir WILLIAM MEREDITH: If that account of it is not disputed the insinuation is gone?

Mr. LAFLAMME: The insinuation is gone, yes, sir.

Sir WILLIAM MEREDITH: Or it has at least no effect.

Mr. LAFLAMME: No proof whatever has been adduced before the Commission that from the moment Colonel Carnegie realized that he had to deal with graze fuses up to the time when the form of contract was actually executed on the 19th of June that Sir Sam Hughes exercised any improper influence either upon General Bertram or upon Colonel Carnegie to induce them to execute the contract.

Mr. Carvell has been compelled to go back to the 30th of April, and to assume as the basis of a very ingenious argument a state of facts not proved, namely, that on the 30th of April, General Hughes had gone to New York, as it were to prepare the ways, knowing that Colonel Carnegie would arrive the next morning, both knowing that they were not dealing with five million time fuses, but with 1,666,666 graze fuses.

If that is so, it is impossible to explain the comedy, the odious comedy gone through by both Colonel Carnegie and General Bertram from the first of May to the 28th of May.

Colonel Carnegie remained in New York from the first to the fourth of May. I need not repeat what he did on those four days. But every movement of Colonel Carnegie necessarily implied that he had time fuses alone in view.

Again, on the 14th of May, when he returned in company with General Bertram, they dealt with the situation as if time fuses and time fuses alone were in question.

No doubt one may say that the evidence of a witness may be taken "with a grain of salt." One man may believe it less than another will. Some people deserve less respect than others. But there is something that everybody respects, because there is something that nobody can help respecting, and that is, human nature, and it is not respecting human nature to assert that if Colonel Carnegie knew from the first of May to the 28th of May that he would have to deal with one-third of this total quantity of graze fuses that he would have done what he did.

Hon. Mr. DUFF: I should think we might assume that part of it.

Mr. LAFLAMME: Of course, that question is closely related to a question which remains, and I think will remain hazy until the Commissioners throw light upon it, the question as to whether Colonel Carnegie was or was not justified in believing, during the same period, that he was dealing with graze fuses so far as the 4-5 shells were concerned. That is a very different situation altogether.

Let us see how the graze fuses finally landed in the lap of Mr. Cadwell (if I may use that expression), and let us try and detect whether Sir Sam Hughes had anything whatsoever to do in that regard.

No doubt if Colonel Carnegie, examined and cross-examined, had been unable to give any explanation of why he had not allowed the total quantity of the five million to one company, and no explanation as to why it happened that he divided the order

as he did, with the result that the graze fuses went to the American Ammunition Company and the bulk of the time fuses to the International Arms and Fuse Company, that would lay the situation open to suspicion.

But what reasons were given to first divide the order? The Commissioners will remember that on the 21st of May the Shell Committee wrote a letter to Mr. Bassick, covering a quantity of three million time fuses.

Why did they hold back two million? Because they had given Mr. Russell and Mr. Lloyd Harris to understand that provided they put in a tender within reasonable time (and the time was urgent) they would reserve a certain quantity of those fuses for them.

Why did they, in addition, allow 2,500,000 fuses to one company and 2,500,000 to the other company, when, having reached the 25th of May, they had received no tender from the Russell people? Why did they do that?

That very question was put to Colonel Carnegie, and he stated that by doing that they would multiply their chances of delivery by two.

What better judgment of his own action upon that score can we expect than the answer of a very interested witness, Mr. Rufus Patterson, who said, "I would have taken the whole order, but I am not going to blame the Shell Committee for having divided the order"?

If I remember right, he gives the precise reason to Colonel Carnegie for dividing the order between the two companies.

Having divided the order between the two companies, then comes the sub-division; where will the graze fuses go?

Here, again, Messrs. Commissioners, I am free to admit that if Colonel Carnegie had been unable to give any reasonable business motive for allowing the total quantity of graze fuses to the American Ammunition Company, instead of dividing the graze fuses as the time fuses had been divided in part, then, again, I would understand the strong beliefs and the deep suspicions of my learned friend, Mr. Carvell.

But reasons are given. Colonel Carnegie said, "We were compelled to solve this problem. These graze fuses, we had not anticipated how we should divide them."

The first reason he gave was, that the one company had an option on aluminum, and therefore was better prepared to manufacture the greater quantity of time fuses. On the other hand the American Ammunition Company had no such option.

There was also a second reason. By dividing the graze fuses between the two companies it would have meant that the International Arms and Fuse Company would have been under a contract to manufacture both the No. 80 fuse, the No. 80/44 fuse, and a portion of the graze fuses. So that by dividing the order for graze fuses both companies would have been forced to equip themselves both in machinery and material for the purpose of producing the article. In order to eliminate those obstacles which might cause delays in delivery Colonel Carnegie thought it was a wise course for him to pursue, and place the total quantity of graze fuses with the one company.

There was a third reason, namely, that he was struck by the fact that Cadwell had been fifteen years the Vice-President of the American Screw Company, and would naturally be more conversant with the manufacture of graze fuses than would the other company.

That was how the graze fuses finally reached the factory of the American Ammunition Company.

How in the name of logic can it be for a moment contended—

Sir WILLIAM MEREDITH: It is not logic, it is common sense we must speak of, as suggested by Mr. Carvell.

Mr. LAFLAMME: Unfortunately there is a man who is not respected as he should be, and his name is Common-Sense, and there is a lady who is not always respected as she should be, and her name is Logic.

In Logic and Common-Sense one cannot in justice to himself suggest that Sir Sam Hughes was the concealed instrument which brought about this situation, because after all let us take and assemble together the facts insisted upon by my learned friend Mr. Carvell and what do they amount to? Do they amount to a conspiracy? The master of the conspiracy would have been the minister, the beneficiary of the conspiracy would have been Allison, and Colonel Carnegie the servile and conscious tool to carry it out.

Sir WILLIAM MEREDITH: And General Bertram, the stupid dummy that was moved about at the will of other people.

Mr. LAFLAMME: And General Bertram, whose elegy has been pronounced the day before yesterday by the very man who charges him with having been guilty of an overt act or a conspiracy.

That brings me to the question of price.

Sir WILLIAM MEREDITH: One question, Mr. Laflamme. Is there any significance in the fact that if it were true that General Hughes was desirous of getting a contract out of which Allison would have large commission, that they would probably have given the whole five million to Bassick; why didn't they give the whole five millions to him, if this conspiracy existed?

Mr. LAFLAMME: That is what you call the silence of Common Sense. It reminds me of an occasion when I was called upon to defend a man who was on trial on a charge of having robbed his brother-in-law of \$100 which had been taken from a trunk in which there was \$200. In the audience there was a young Jew, who sat listening to my senior submitting the case to the jury. He pulled me from behind, and told me that that man did not see the point, that he never had seen the point. I asked the man why, to which he replied "That man is no robber, he is no thief, because if he was why didn't he take the whole \$200."

You cannot argue against these things.

That brings me, Messrs. Commissioners, to the question of price.

I am afraid that in order to keep true to my word I will have to leave two or three of the subject-matters I wanted to discuss to my senior member.

Sir WILLIAM MEREDITH: We will let you do like the Shell Committee did—break your word.

Mr. LAFLAMME: I would not like that note to go to protest.

Sir WILLIAM MEREDITH: For cause?

Mr. LAFLAMME: Dealing with the price of the No. 80 fuse, I may say that I do not see the necessity of enlarging very much upon that. I think it is pretty well admitted that the price of \$4.50 was an unreasonable price.

Hon. Mr. DUFF: I do not think you need bother yourself about that.

Mr. LAFLAMME: There has been a lot said about the price of \$4 stipulated for the graze fuses.

I might summarize in a few words some reasons which among others may be given in support of the contention that \$4 was a fair price.

In the first place, the No. 100 fuse was unknown so far as Colonel Carnegie was concerned. It had never been manufactured in Canada, and so far as I read the evidence no loaded graze fuses had ever been manufactured in the United States.

Colonel Carnegie had to estimate, and study a drawing that he had received from another source.

Hon. Mr. DUFF: When do you say the price was fixed for the graze fuses? That is a question which occurs to me.

Mr. LAFLAMME: On the first of June. I verified that at noon.

Hon. Mr. DUFF: Does the evidence show that Colonel Carnegie had a specification of it at that time?

**Mr. LAFLAMME:** Yes, I think the evidence shows that he had received a drawing or a specification.

**Hon. Mr. DUFF:** But a drawing and a specification are two very different things.

**Mr. LAFLAMME:** A drawing, through the Morgans, sir.

**Hon. Mr. DUFF:** My reason for asking you is, that I noticed a moment ago that in the correspondence recently put in, but which I have not had an opportunity of looking into, a telegram of a later date than that request of the War Office to send a specification. Perhaps Mr. Nesbitt will help me on that, whether or not that price was fixed before he had the specification.

The evidence has been very vague about what happened at that time. One has great difficulty in getting at anything specific. But he had a drawing, or a blueprint of some kind.

**Mr. LAFLAMME:** Was it not through an official of the Northern Electric Company?

**Hon. Mr. DUFF:** He was shown a photograph of the drawing. Then he had a blueprint I think. But what I was wondering about was the specification.

**Mr. LAFLAMME:** I don't think he had a specification, sir.

**Hon. Mr. DUFF:** Perhaps Mr. Ewart will help you about that date.

**Mr. LAFLAMME:** My learned friend Mr. Ewart draws my attention to a telegram from Militia, dated the 25th of May, and reading as follows:—

Regret that we cannot quote for fuse 100 until we obtain specification.

**Hon. Mr. DUFF:** The specification seems to have been got from Bethlehem.

**Mr. LAFLAMME:** "Trying to obtain it from Colonel Phipps."

**Hon. Mr. DUFF:** What I read a moment ago, or what my eye fell upon a moment ago seemed to indicate that it had not been received from Colonel Phipps on the first of June.

**Mr. LAFLAMME:** However, Colonel Carnegie went by this data, in order to accept a price of \$4, first he said by estimation, then he said he knew or had heard of one firm in the States by the name of J. L. Matt & Co. of Trenton, as people who had been manufacturing the component parts of the graze fuse.

A question was put to him, and a question was put to counsel as to why he had not seen fit to consult the Morgans.

Now, mark the dates, Messrs Commissioners. He realized for the first time on the 28th of May that a graze fuse was intended. Time was urgent, the price of \$4 was fixed on the first of June, three days afterwards, and I might say here in addition to the different causes of pressure enumerated yesterday by Mr. Ewart that there was an additional one.

If you refer to the contract of the first of July with the schedule attached and to the two cables of the 17th and the 23rd of April, the Shell Committee had agreed to make the first deliveries in the month of July, and they had then reached the first of June.

**Hon. Mr. DUFF:** You are not serious in bringing that forward are you? My reason for asking that is that I did not feel at liberty to draw any particular inference from it without some examination of Colonel Carnegie in reference to it, or without asking General Bertram for some explanation.

But it is very obvious that nobody, Shell Committee or anybody else, seriously dreamed of entering into a contract to supply completed shells with graze fuse in July, to deliver 50,000 graze fuses completed, in July. Nobody ever dreamed of such a thing.

**Mr. LAFLAMME:** No doubt. But what reason is there for saying here that the War Office did not expect the first deliveries to be made in the month of July—because that is what the cables would convey?

Sir WILLIAM MEREDITH: I suppose this is fair to consider; they were both anxious, this being an initial order, that they should be prompt and get it in ahead of time?

Mr. LAFLAMME: They were asking for the whole loaf in order to get half. That was what they were doing.

Hon. Mr. DUFF: Who do you mean?

Mr. LAFLAMME: The War Office were expecting deliveries on the first of July.

Hon. Mr. DUFF: You do not mean to say that the War Office with all its faults—and it has been charged with a great many offences of which it is perhaps not guilty—but you do not suggest that it was so entirely fit for Bedlam that it would enter into a contract in June for the delivery of 50,000 fuses in July and expect to get them?

Mr. LAFLAMME: No, but the cables placing the order were not dated the first of June, they were dated the 17th and the 23rd of April.

Sir WILLIAM MEREDITH: Do they mention the date of commencing delivery, in the cable?

Mr. LAFLAMME: I think so, because the schedule attached to the contract refers to the deliveries, I think.

Hon. Mr. DUFF: There must be some oversight. It is difficult to believe that anybody put that in there knowing its significance.

Mr. LAFLAMME: Coming back to the veiled or expressed reproach on Colonel Carnegie for not having come in contact with the Morgans in order to ascertain the prices of the graze fuses, I might draw your attention to some communications from the War Office dated the 17th of April, the 23rd of April, the 25th of May and the 26th of May, which comprise an exchange of cables between the Minister and the War Office, and in which we find the War Office expressed a desire that the Shell Committee shall not interfere with the Morgan contracts. It was referred to on page 49 of these proceedings.

Hon. Mr. DUFF: It was not "shall not interfere", it was "we are apprehensive of interfering with existing orders in the United States."

Mr. LAFLAMME: However, I say it is not beyond reason to assume that that is what the Shell Committee as well as the Minister understood by those communications from the War Office.

Hon. Mr. DUFF: What about the cable of the 26th of May, or the 25th of May?

Mr. LAFLAMME: They are quoted at pages 82 and 91. I think the cable of the 25th of May is that in which the Minister among other things speaks about dis-appointed contractors and assures the War Office that there will be no interference. Now, had they communicated with the Morgan firm, supposing, my lords, that they had received an answer conceived in the following words: I am quoting now from page 1197. Supposing the Shell Committee having asked for prices of graze fuses at the time had been told:—

"We beg to acknowledge receipt of your letter of"—such a date, "asking if we have a representative who can give you information regarding the prices of fuses during the months of May, June, July, 1915." Was that possible? It is not only possible, it is certain, because that is the very answer which the Morgans gave on the 26th of May, 1916, when called upon by this Commission to inform them. That is the letter they wrote to Mr. Hellmuth.

Mr. MARKEY: That is for public purposes.

Sir WILLIAM MEREDITH: Is not there something in this? Colonel Carnegie is a Scotchman, and Scotchmen are suspicious, and I think that he was a little suspicious that the Morgans might meddle with his business, and he is pretty self-confident, and did not need the Morgans. Whether rightly or wrongly—

Hon. Mr. DUFF: I think that is the more likely explanation.

Mr. LAFLAMME: Although I was born close to a Scotch settlement, there is such a variety of them that I would not say.

Now, that is from the point of view of Colonel Carnegie, but it takes two to make a bargain, it takes two, to fix a price. There was Mr. Cadwell who had certain considerations to offer also. He was called upon to use steel for the manufacture of these graze fuses; that was not a matter of his own will, it was a matter of necessity. He states that in so many words in his evidence, that for the last six weeks he had for want of brass rods communication with the War Office and secured their consent that the graze fuses that he was then manufacturing would be henceforth constructed of steel, and giving a wide margin for any exaggeration that he might have made, the equipment of new machinery, he puts the price down at \$1,200,000, but he was afraid of the firing proof test more than anything else. That was the uncertain quantity, and it is all very well for those who have secured experience during the last twenty-four months to become wise after the event, but this is a situation which must be appreciated and considered not retrospectively, but prospectively in the surrounding atmosphere and accompanying conditions under which those transactions were being debated and the prices fixed.

There might be a lot said about a theory or a strong desire that should have been evinced, and which apparently was not in the mind of the Shell Committee, to encourage Canadian manufacturers more than they were. I would have thought as a layman, that it was not a question of Canada first, but a question of munitions first. I have a notion that if Russia, France and Italy had applied that principle that the war would be at an end now. It was a question of getting the munitions no matter where you could get them, provided that you could get them within a reasonably short time.

I need not go over the circumstances which I will not say induced Colonel Carnegie to go to the States; he was driven to the States. The only serious tenderer who up to the month of May had submitted prices was Dr. John A. Harris. He started at \$6.75 I believe for a certain quantity; \$5.50 for another quantity; \$4.90 for another quantity, and by the latter part of March he reduced his whole price to \$4.90 for the whole quantity and later on to \$4.50. He tells us, and his statement is corroborated by the *res gestae*, that his intention was that they should be manufactured in Canada. Did he act in such a manner as to show that such was his *bona fide* intention? He first in the early stages communicated with the Canadian Explosives, and they said, "We will have nothing to do with it." Then a few weeks after he sends another tender in under the name of the Standard Asbestos Co.; then he seeks Banfield, and Banfield says, "We will have too much difficulty in Canada in getting component parts." Up to that moment where is the Canadian manufacturer who could under oath take the responsibility to state that No. 80 loaded fuses, with the amount of experience then obtainable, with a condition where two purchasers were chasing a vendor, where there were tremendous fluctuations in the market; where the question of the blending of powder and loading of time rings was more a matter of discussion in chemical cabinets—where is the man who is able to tell and make a *bona fide* statement that these No. 80 fuses could be manufactured, loaded, and delivered complete by Canadian manufacturers?

I was speaking a moment ago about wisdom after the event, what Mr. Hellmuth terms "hindsight." We have both. What is the result? Up to this moment not one Canadian manufacturer has constructed, loaded or delivered a No. 80 time fuse. Not one.

It has been said that they have not done it up to the present time but that they are about to do it at Verdun. Why? I am surprised that that fact should be brought out in support of that contention, it destroys it. We have the formal evidence here that they expect in the latter part of the present month to be able to load and deliver these



fuses with the assistance of whom, and as a result of what? As a result of numerous visits made to the American Locomotive Co., visits made to the International Arms and Fuse Company's factory at Bloomfield; and not content with that, they take mighty good care—and that is an act of wisdom too—to bring over to Canada a certain number of men, who will give them as directors sitting at the same Board as themselves, the benefit of the experience that they have been able to collect and which Canadians so far have been unable to get together.

Now, I am sorry Messrs Commissioners, that I have been compelled—it is my fault more than any one else's—to take more time than I should. I had intended to say one or two words about the contract with the Valve Company. But, I may say in one word that there again the members of the Shell Committee were driven to the United States. And without for a moment adverting to the fact that out of six contractors in Canada four had fallen down, let me point out one fact, that the situation had come to such a corner that in the month of August the Shell Committee were cabling the War Office and asking to borrow as it were two hundred and fifty thousand empty firing cases which they would rectify in order to fit them on the shells which had accumulated, and give time to the Canadian manufacturers meanwhile.

As to the question of commissions and other matters which I have not discussed but merely adverted to, I am sure that my learned friend, Mr. Nesbitt, assisted as he has been—and I think it is my duty to say so—by my learned friend Mr. Stewart, who has, practically during these two months been an arsenal, the power behind the throne, the ever flowing source of information by which everyone has been served.

Now, there is one last remark that I have to make. Mr. Kyte, referring in the House to one of the members of the Shell Committee, Colonel Carnegie, referred to him as a giant of Canadian industry, and that so far as he knew—

Hon. Mr. DUFF: Colonel Cantley.

Mr. LAFLAMME: Colonel Cantley, yes. And so far as they knew there was no reproach against his integrity or honesty. We have heard before this Commission Mr. Carvell making practically the same statement in regard to General Bertram and Colonel George Watts. May I suggest this, that these gentlemen refuse to accept a certificate of virtue under such conditions; their own sense of dignity prevents them from doing that, because they feel—allow me, Messieurs Commissioners, to say—they feel that their honesty, their intentions and their integrity of purpose and their efforts cannot be made the subject of debate before this Commission or any other commission, or even before public opinion. They are human, as Sir Robert Borden so well said in the House, and as such are liable to err. But, if they had time to think they had not the right to deliberate, because if they had, the very same men who to-day reproach them for having thought too little, reviving Cicero's reproach, would say to them, "You are deliberating, and are deliberating yet, and the enemy is smashing at the door of the house."

Sir WILLIAM MEREDITH: I was not going to say it, but what you have just said brings it back to my mind, that perhaps the most serious offence that could be charged against General Hughes is that at a time like this he was haggling about price, that the question of price should have been of little or no account.

*Argument by Mr. Nesbitt:*

Messrs Commissioners, before adverting to the speeches in controversy, I desire—and I think I can speak on behalf of all the counsel engaged—to say to the Commission that I think the public and the Bar owe much of the conduct of this investigation to Mr. Hellmuth. If I might be permitted—if he would leave the room so that I could spare his blushes—

Mr. HELLMUTH: I would rather you did not say anything.

Sir WILLIAM MEREDITH: Oh, he never blushes.

Mr. HELLMUTH: I am too dark.

Mr. NESBITT: In his conduct of this he has struck me as a model for the young man of the future, and for his compeers in the present to imitate as an investigating counsel. He has been polite and impartially inquisitive, regardless of where the chips fell; with a single eye to fulfilling the high mission confined to him as the counsel for the people, not a party. Nothing has been slurred over, nothing omitted. He has been earnest in his determination to get at any available evidence to throw light on the subject of inquiry committed to his care.

I think in saying that I can speak for every member of the Bar present, and those also who are absent through having other engagements. I think even my friend Mr. Markey will agree.

Mr. MARKEY: I agree on behalf of our side of the table.

Mr. NESBITT: I am glad to hear that.

Now, then, as to the subject that has been debated here for thirty days.

Sir WILLIAM MEREDITH: I thought it was forty.

Mr. HELLMUTH: We will get out of the wilderness to-night.

Mr. NESBITT: I understood it was forty days and forty nights; perhaps I had better not follow that; your biblical knowledge may not be sufficient to enable you to appreciate that.

To my mind, the Kyte charges which have been discussed stripped of all verbiage amounts to this, that contracts were let to companies who had no intention of supplying fuses; that they were let as mere projects for an advance; that the advance being made there was an immediate division of the spoil; that that was done by this Committee in order to assist Allison and his associates to divide these spoils and that the Minister of Militia was concurring in this view, was content with it, and perhaps because of his endorsement on the contracts it was said that he was brought close enough to it to have been a party to the transaction.

Now, stripped of everything that is what went forth to the people of Canada, and there are three questions that the people of Canada are interested in this Commission deciding, as I understand it, and three only. The first is: Is Sam Hughes honest? The second is: Was the Shell Committee honest? And the third is: Did they fail to bring business to Canada, improperly favouring American interests?

Now, you may debate back and forth as you please, but those are the three essentials that the people of Canada want to know. Has the good name of Canada been smirched by a failure by either of these two to live up to these three conditions?

Now, for a moment, just let us take the history of the Committee. Why are they, and how did they come into existence, and what debt, if any, do the people of Canada owe them? What was the situation just after war broke out? Not a single factory in Canada had ever manufactured a single item of the munitions of war; our stock exchanges closed; our factories discharging their labourers by the dozens, and in the case of factories as large as Massey-Harris and others, by the hundreds; our banks not only not advancing, but withdrawing credits; the country practically on the verge of a panic. I do not think the picture is overdrawn.

What happened? Sir Sam Hughes has had great credit for what is called his vigour and punch in despatching thirty thousand men to the front equipped practically ready, for having accomplished something that no other man in Canada could have done. That is virile energy and strength and force. That attribute has been paid him not in his own country but in others; but I do not think that accomplishment compares with that which flowed from his conception of creating out of this disastrous condition a condition which has brought prosperity to Canada.

What did he do? He formed his Shell Committee, called the manufacturers together—look at the early cables from the War Office there: Can you get from our neighbours shells. Of course then there was the question of contraband. Then he says, No, I am calling together the manufacturers in Canada to see what they can do. And his inspiration led to the appointment of this Shell Committee, upon which he appointed four prominent manufacturers with military advisers.

What was the result? I am not going through the details of the evidence, but is this a fair photograph of what followed when that Committee was dissolved after fourteen months of existence? What had happened? Three hundred and forty-five million dollars worth of orders for munitions distributed through Canada; three hundred factories at work; three hundred and forty-five millions of money to be spent in Canada, or twice the whole value of our wheat crop. How were we able to do it? Colonel Cantley's experiments in basic steel rendered that absolutely the only way of accomplishing it, otherwise we would have been in the hands of the Crucible Steel Company of the United States, who would not undertake the delivery of a single pound of steel at that time. That is the result of the Minister of Militia's efforts to bring into existence the Shell Committee and to create an entirely new business for Canada, a business which they had not had the slightest experience in before, and which has resulted in what? It has resulted in a condition of prosperity throughout Canada so far as the distribution of wealth among the lower labouring classes is concerned that has never existed before; that we are turning out by the millions munitions of war to assist in the advance of our principles, and to supplement our soldiers who are dying by the thousands at the front.

What is the reward? Sitting there for thirty days to hear that man who has sat beside me until to-day—and to-day he is called away by his other duties—vilified, abused, called everything in the nature of a scoundrel; the public mind disturbed; the hearts of mothers bleeding for children at the front, disturbed by the thought that the man who is their leader, whose sole thoughts should be with his men and on his duties has to be here listening to the piffing charges that have been levelled against him. Charges involving his honour and the honour of the very men who have at the expense of their time and their experience laboured for months with the Shell Committee for the benefit of the Canadian public. Their reward is to be pilloried as having lent themselves to a vile conspiracy, not only to put money into the hands of outsiders, but with knowledge and under pressure; and in addition to that to do it at the expense of native Canadian manufacturers.

You would expect some evidence of a very formidable character to maintain those charges, and when you have the pictures that I have painted—and that cannot be denied—of what brought this committee into existence, and what they brought to Canada, and what they accomplished in the beginning, you would expect something very cogent to be developed before you would find that two contracts out of all those which were given to the United States were given under improper pressure and with improper motives, and by such men as I have described.

I do not propose to deal at all with a great deal that lead up as a matter of history to the fuse contracts other than to say this, that at the time these contracts were let, or before the time these contracts were obtained, the munition business was flagging. Orders were going to the United States. It was common talk throughout this country and common knowledge that the allegation was made that because it was felt that they had to get money from the United States because their amity and support was very necessary, it was important that all possible orders should be placed in the United States.

You find the Minister of Militia suddenly awakening to the fact that while work was slackening here a very large order had been placed by the British Government with the Bethlehem Steel Co. He protested, and protested in no uncertain tones, and said practically, You are ready enough to have our men, let us have some of the money.

We have got factories, we have got people who can manufacture shells and we will undertake to manufacture the shells.

Why, even Mr. Johnston said that Sir Sam Hughes undoubtedly was actuated by the single purpose of getting all the work possible for Canada. How is that consistent with the suggestion of his colleague, Mr. Carvell, that Sir Sam Hughes was the chief conspirator in getting the Shell Committee to take work away from Canada? However, you have the fact that cables went to England saying, "We want orders." England practically said, "You can get orders, but only for completed shells." It is known perfectly well that the munitions factories capable of producing fuses and so on in England were worked to the limit, that they must have "live" shells as they are called.

The great disasters that had occurred at the front had been through lack of high explosives. Mr. Ewart gave you the dates yesterday of the various battles. How can he get shells, five million shells, and the ninety million dollars to Canada? He had been trying for some weeks, months in fact, since November, to get Canadians to go into the manufacture of fuses. He did not know but it might have been fairly surmised that if he placed the ninety million order out here, in order to place it and deliver the goods he would have to give up twenty millions of it to foreign factories who were able to make these parts which could not be made in Canada. Did he hesitate? No. The ninety million order was placed here, and without that not a dollar of the seventy million order that went into Canada would have come unless we could have undertaken to deliver the live shells. Just passing for a moment, has it ever struck any member of this Bar or of the Commission that if the ninety millions had gone to the United States—there has been a great outcry of British money being wasted—the very first item that would have come off the ninety millions was 2½ per cent to Morgans, or two and a half million dollars? Has it also struck them that of the seventy million dollars, of which 15 per cent was practically saved, or nearly ten millions, and returned to the War Office, every dollar of that would have stayed in the United States? That phase of it I have not heard mentioned. It is of little importance except when people talk about this committee making a blunder which cost the country a million dollars. But for the action of this committee and Sir Sam Hughes the fourteen to fifteen million dollars that have been saved to the War Office would never have been saved; it would have gone into the United States. As to the cables that led up, you have the condition of things. Perhaps I had better deal with that for the moment, of what the condition of things was as to the ability to place fuse contracts in Canada. What was the situation? In England there were no experts available at that time. Time was pressing; matters were urgent. The cry from the front was shells and yet more shells. It has been said and suggested by somebody here that the British Munitions Co. are now to deal with the subject of starting a factory in Canada. Why? Time is by no means so urgent. They have had time to send agents over to England and to get experts from England to instruct them; they have had to get Major Hawkins, the Artillery Co., the Locomotive Co., the Eddystone Co., with their experts to teach them, they have had time to send their men down to the factory, to spend days and days to see the work actually done, not one bit of which was being done on the continent at that time except the American fuse in Scovill's. Experts have been thrown at their disposal, and a condition of things brought about which enables them to say that they hope to produce fuses now in Canada. But the situation in 1915 was different. Not an English expert available; the only known expert in this country being Kirby, whom you saw in the box, but who had not had anything to do with making fuses for five years. The Nicholls' company with whom he was employed, and who would be anxious to get business, declined to undertake it, saying they would have to send experts and employées and operatives to England. They evidently did not think Mr. Kirby was an available source at that time, or that he was a dependable source. You have the evidence of Colonel Lafferty of his attempts to interest the Dominion Bridge Company; you have the evidence of

Colonel Hughes of his attempt to interest the Westinghouse people of Hamilton; you have the evidence of Mr. Banfield that Dr. Harris offered him the business and offered to finance him and throw his bank books open to him, and he said, "We wont touch it, it is too complicated." You saw Mr. White and Mr. Kirby, and what was their proposal? Think of it for a moment, to put to any sensible person, that these two gentlemen, neither of them of any capital, although Mr. White says he could have financed 30 per cent of a building, of \$200,000, talking of forming a company to manufacture a thousand a day, which would have taken twelve years to deliver what was necessary. They had not gone to their banks, and just think of the situation of asking any Canadian bankers at that time to undertake the responsibility which has meant to these people millions and millions and millions to be invested and put into the business at the risk of total rejections. There were only three firms in England at that time engaged in the business; there were only two in the United States. There was this urgent demand. There was the visit to the Canadian Explosives Company as to the loading and their declining to touch it; there was the difficulty about powder; there was Russell and Harris, it is true, but with what experience? Invited in, mind you, by General Hughes. They went to see him about giving them a good word with the Russian Ambassador for Russian orders and he said, "Why don't you get into the fuse business?" And just there, for a moment, has it struck any one that Lloyd Harris says, "He did not tell me to go and see Allison; he told me to go and see General Bertram." "Go and see General Bertram," was Sir Sam Hughes' direction at that time, and their best proposition at that time was to take one-third of the business only, which would have been no use, and remember, neither of them with any experience, and the experience of Mr. Russell, without doing him any injustice, well known—bicycle company failure, Russell Company practically a failure—optimist to the last degree, if you please, but with no experience such as an ordnance adviser would desire for commencing business. The discussion about giving that business to Canada is utterly futile viewed in the light of the situation as it existed then. It was an impossible situation to attempt, both from the financial side, to get the people with the pluck and nerve to put their money in, because the banks were still hesitating about this munition business, in fact the minister tells us that one bank simply said not only that they would not advance money, but if a man attempted to go into it he could change his account. People were frightened of it and remained frightened for some considerable time. I say now in view of certain arguments that have been made and expressions that have fallen as to what the difficulties with the manufacturers were, how nearly crushed these men must have been, General Bertram and Colonel Carnegie, who were the responsible parties. What were they doing? You have an exhibit put in there—Mr. Justice Duff very properly asked to know, were the men busy? They were giving orders at that time to the extent of seven hundred and seventy-eight thousand daily average orders to six or seven different people. Colonel Carnegie was being hustled by the minister up to the Northwest, to do what? To establish copper production in Canada, which has flowed from this; to establish zinc production in Canada which has flowed from this; to invigorate the lead industry in Canada, and I think the specifications of these people require that every ounce of lead they are putting in to it shall be Canadian lead. And steel he was pushing on. He had all this work, all this contracting and letting work to do, and this pressure for fuse contracts. Now, then, what happened about the fuse contracts themselves? As I say, Dr. Harris' first tender was through a Canadian company. Does that indicate they were seeking to advantage American companies at the expense of Canada? The first and last syllable of Sir Sam Hughes was "Speed, prices, Canada." Dr. Harris found it was quite impossible to go on in Canada. Was his judgment right? The Canada Car and Foundry Company with their own factories idle here, we are told by Colonel Mackie, not cross-examined upon practically, had gone over Canada practically with a fine-tooth comb to try and get somebody who would take up the question of fuses.

Sir WILLIAM MEREDITH: In large quantities?

Mr. NESBITT: Yes; and what was his expression? He said it would be suicide. Dr. Harris wanted to embark in the business here. Banfield, the best known small parts expert in Canada, says impracticable; the Canada Explosive turned it down, the Dominion Bridge turned it down, the Northern Electric gave a tentative bid, it is true for the graze fuse at our request remember, not at their solicitation, always at our request, at the request of the people who are now charged with corruptly taking business away from Canadian manufacturers and giving it to Americans.

Then it is said—I dismiss White and Kirby—fancy General Bertram, a business man of 35 or 40 years' experience starting a foreman and assistant superintendent in the company in such a business as this is known to be, to start 1,000 a day, who had not a building, had not a dollar of credit—and who would have financed it apart from anything else? Then Ohmer, he is an American of course, but he has been flashed by the Toronto Telegram night after night as the one that like Moses in the wilderness could have led Canadians in prosperity through the fuse business. You saw him. I was glad they produced this Col. Sellers of American manufacturers, a man—the contract is in there—who undertook for an advance of \$750,000 to deliver fuses a certain way. They have got nearly four million dollars in the business, and about two hundred and fifty thousand or something gone out of two and a half millions towards buying powder, of course, but what would have been said about turning that gentleman loose at that time in Canada when he had all his attention taken up, as Col. Mackie said it would have been suicide for him to have attempted, financial suicide.

Sir WILLIAM MEREDITH: He says it was impossible for him to have established in Canada.

Mr. NESBITT: Yes; and with what in it? With Ryan in it with 40 per cent of the profits, if any were made; and Allison apparently would have been connected up with Ryan. There would have been a cheerful inquiry for the Shell Committee.

Just pausing again before I come to the fuse contracts; it has been suggested that we ought to have taken advantage of the Canadian talent that has now been developed. I have said how that has come about, after twelve months' experience, with the education and assistance and co-operation not only of the American Locomotive Co., who have got men on the board of the Walco Co., who have got men on the board, but of the whole force of the International Fuse Co. who has now made such a success of the business, and their \$100,000 and \$50,000 a year experts put at their disposal to educate, to instruct—time to send men to England to learn in the factories there, time to bring experts out from England, and even then not a single fuse yet produced; and we do not know what success this combination will have made. Time meant everything, and the contract had to be let, and I should have thought having listened to the evidence of Colonel Carnegie, which was developed chronologically showing day by day just what he was at, that if ever a man expended energy and all the brains at his disposal in the letting of contracts and seeing them let to people likely to be able to carry them out, because, as I say, there was not only the element of time, but that time must be in the hands of people who could fulfil their obligations in time as far as possible—and he had to see that they not only had experts but that they had trained help as well; and what did he find? What was it? Is there any truth in the first part of the allegation that the public of this country were thrilled with, and which I opened my remarks to you with—is there any truth in the statement that they were bogus companies that never had any intention of making fuses, and that were formed simply for the purpose of getting one and a half millions in advance, which was to be immediately divided? Yet my friend, Mr. Carvell, has the effrontery not only as an advocate, but as a member of Parliament, to stand up and say that the Kyte charges have been proved, and he stands by them. Has it not been demonstrated so that no person on earth can deny, that they were given to the people best thought fitted to carry them out in the United States and not interfere, as the War Office asked them not to inter-

fere, with contracts already in existence, which might interfere with deliveries to them or their allies? Scovill & Co. refused to touch it; you have heard the Bethlehem Steel Co. could not consent to take it. Senator Currie would not allow Ohmer to take it up. It was hopeless anyway, they thought, taking it up in Canada. They then had the greatest living expert in the United States, and one of them is said to have been described by a very high foreign authority as probably the greatest living expert on the loading business in their employ, that is the International Fuse Co. The Ammunition Co. had a practical man whom I think one of the Commissioners said he would rather have adopted a practical man's idea than perhaps that of the man with the book learning; they had the practical man, Gladeck, with six foremen who had been trained in the arsenal, and some hundred other employees that had been taken from the arsenal, the only place manufacturing, apart from Scovill's who were only doing to a small extent, time fuses. They have spent millions, and putting up millions, to fulfil their contract, and so far as graze fuses are concerned, the Ammunition Co. have delivered over 1,200,000; and if I may be permitted just at the moment to refer to the very latest information from Mr. Flavelle as to the time fuses, five out of six of the last lot passed and three out of four; in other words they are practically surmounting the enormous difficulties they had to contend with; and it is to be hoped their time fuse contract will be as successfully carried out as the graze fuse has been. Was the money divided up immediately, the million dollars, as alleged? Mr. Kyte had in his hand at that time the contract and did not read that clause of it—I was about to say deliberately skipped it, but let us say his eye did not catch the clause, although it was clause 6—that provided on its very face that they were not to be paid a dollar of this commission except as earned out of moneys payable for fuses actually delivered. Take his whole speech, and if ever there was a concealment of truth, a statement of half-truth, a blending of facts together with the idea of distortion to create a monstrous impression upon the minds of the public it was in those two speeches in Parliament, not one syllable of which is justified in the sense that there is any truth whatever in the fact they intended to produce upon the minds of the Canadian public.

Now, then, as to the fuse contracts themselves. A good deal has been said about Col. Carnegie's not understanding. It is apparently admitted now that all his acts are only consistent with his not understanding that only time fuses were wanted up until the 28th May.

Hon. Mr. DUFF: I do not understand that was admitted.

Mr. NESBITT: I did not hear any one dispute it. It was apparent from all the documents and everything—

Hon. Mr. DUFF: Mr. Carvell was urging very strongly the contrary, I think. I am not asking you to deal with it though.

Mr. NESBITT: Mr. Carvell urging throughout, may I characterize it as this—I am careful, because of his absence, to keep well within the limits—might I describe his whole argument not as a statement of evidence in any particular, but belief of his own, belief exactly opposed to all the oaths pledged against it, or documents, or anything else, in other words a spirit of faith rising above facts, that ought to make him head of a Christian Science church.

As to the instructions received by Col. Carnegie, will you bear in mind this, that negotiations that related to fuses which had nothing to do with these five million, had been pending for some time. It throws a flood of light upon what Mr. Lafleur spoke of yesterday, because I do not think the bargain with Harris on the 26th April had the slightest thing to do with this particular five million time fuses, although it was for five million, at least with the cable of the 17th—I will try to make that good.

Hon. Mr. DUFF: If you can make that good I shall be very glad. One difficulty in your way is that I asked Col. Carnegie about that, and he said it was the five millions referred to in the contract I think. Is not that what Colonel Carnegie said?

Mr. NESBITT: I don't remember; he may have entirely forgotten.

Hon. Mr. DUFF: That is my present impression; Mr. Stewart may remember.

Mr. STEWART: I do not recall it.

Mr. NESBITT: The cable is on the 17th April; that is the first time they got an order. You will remember that prior to that away back in March, Dr. Harris was negotiating about fuses; on the 17th April Dr. Harris writes from New York:—

Shell Committee,  
Drummond Building, Montreal.

Gentlemen:

The undersigned offer to supply the British Government through the Shell Committee with five million time and percussion fuses, "No. 80 Mark 5"—that could not have related to this order, could it?—"in accordance with specifications and blueprints at \$4.90 per fuse... deliveries will commence", etc.

I say it was in relation to that, and following that order of \$4.90, because they all talk about coming down from their offer of \$4.90, that the meeting in Montreal took place on the 26th April—if you will look at Colonel Carnegie's notes which have been put in you will see, I think, that is perfectly apparent that that is what they were discussing, that order and that same state of facts applied.

Hon. Mr. DUFF: Where is that memorandum, the note that he took at the time?

Mr. STEWART: At page 1455.

Sir WILLIAM MEREDITH: No. 340.

Hon. Mr. DUFF: I will turn up if I can the answer Colonel Carnegie made to this question.

Mr. NESBITT: Would you mind taking the references now? Because I think you will have to study it out afterwards.

Hon. Mr. DUFF: If you will look at page 1473, you will see, a little lower than half-way down the page, that I asked a question or two:—

"Q. What was the date of your return?—A. The 26th, sir.

Q. Was that the date of the interview with the Harris people?—A. Yes, sir.

Q. You discussed with the Harris people the price of \$4.60 on the 26th of April for five million fuses."

Mr. NESBITT: I have it.

"Q. Was that five million fuses being considered by you solely with reference to the five million order of shells of the 17th of April?—A. Yes, sir."

It is quite evident to me that no matter what his answer there is, it is equally applicable to the other man and does not have any real bearing upon what I am about to argue, one way or the other.

Hon. Mr. DUFF: What is the date of the letter from Harris?

Mr. NESBITT: April 17th, and is found at page No. 308.

Read that in connection with pages 1455 and 1473, and you will have the whole story.

I have not been following your questions very closely. It does not matter to my argument in the slightest.

Hon. Mr. DUFF: It is possible that he may have made a mistake about it. It is a pity that somebody did not dwell upon it at the time.

Mr. NESBITT: Nobody noticed it.

Hon. Mr. DUFF: I was anxious to find out whether that was his recollection or not. We could have investigated the thing.

Mr. NESBITT: My learned friend Mr. Stewart says he had no knowledge of it, because it was dug up by him and Mr. O'Neill afterwards.



Sir WILLIAM MEREDITH: What is the page showing the cablegram from the War Office?

Mr. NESBITT: That is to be found at page 49, Exhibit No. 45, being a cable of April 17th which says "For High Explosives Graze Fuses."

Let me read slowly my information upon this matter, because it is a complicated affair and it will have to be studied out slowly.

Hon. Mr. DUFF: I think I can understand it as you go along.

Mr. NESBITT: The five million order Exhibit No. 45, page 49, the cable of April 17th says: "For High Explosive Graze Fuses."

That is what you never could understand how he understood the other.

Hon. Mr. DUFF: It says a little more than that. It says: shrapnel for time fuse, a distinction between fuses that are not time fuses.

Mr. NESBITT: On April 26th at a meeting with Dr. Harris the five million time fuses were discussed.

That also you could not understand.

Hon. Mr. DUFF: I understand it on the assumption that the answer I have just read was correct, namely, that that discussion with regard to the five million fuses had solely relation to the order of five million referred to in the cable of the 17th of April. That was what I had before me when I was pressing Mr. Ewart about it.

Mr. NESBITT: This discussion flowed, not from the cable of April 17th, but from earlier negotiations with Harris for fuses alone. See Colonel Carnegie's evidence at page 47, Harris' evidence at page 646, cables to and from the War Office on the subject, Exhibit No. 40 at page 47, Exhibit No. 41 at page 48, and see Harris' written offers of March 19th, Exhibit 61 at page 67, offering for lots of one million or two million, and of April 17th, Exhibit No. 247 at page 308, offering five million.

The full sequence of cables will be found referred to in order on page 859 and following pages.

Hon. Mr. DUFF: That is the place where we had the discussion, is it?

Mr. NESBITT: Yes sir; and the view taken of them by Colonel Carnegie has been several times explained.

But I respectfully request your consideration of the situation as it was on May 19th, and as it was developed thereafter.

Hon. Mr. DUFF: One difficulty I have had has been in following Colonel Carnegie's explanation. Have you anything to add to that? That is to say, I rather mean his explanation as applied to the earlier stages.

Mr. NESBITT: I think I can make it perfectly plain.

Hon. Mr. DUFF: Very well, go on.

Mr. NESBITT: Up to May 19th, whatever the situation and whatever Colonel Carnegie's understanding was of the situation, no commitment had been made, no order, that is up to May 19th.

Hon. Mr. DUFF: I should have thought that that was so until I noticed a letter from Colonel Bertram. There was no order, but I noticed a letter from Colonel Bertram written to the Harris-Russell people, in which he suggested that before the Harris-Russell people could make any they had committed themselves to the others.

Mr. NESBITT: That did not go in until the 26th day of May.

Hon. Mr. DUFF: But I am talking of Lloyd Harris now.

Hon. Mr. NESBITT: You mean, came in with a written offer?

Hon. Mr. DUFF: The letter is clear about it. It was that they had practically committed themselves to those people, to give them the order if they could satisfy Colonel Carnegie that they could execute it.

Mr. NESBITT: What order? All I am concerned with in my present argument is that there was no commitment as to graze fuses or time fuses, or anything of the kind. They may have committed themselves in regard to the five million order.

Hon. Mr. DUFF: Subject to that, it is clear that there was no commitment until the 21st of May, if there was then.

Sir WILLIAM MEREDITH: Is it not susceptible of demonstration? If there was any acceptance, it ought to be in a cable. Is there any cable agreeing to what the War Office proposed, earlier than the 28th?

Mr. NESBITT: I am coming to that. I am going to give you the whole history of the case.

Hon. Mr. DUFF: You misunderstood the Chief Justice's question. The arrangement initiated by the cable of the 17th of April as between the Shell Committee and the War Office was closed on the 28th of April.

Mr. NESBITT: It was closed on the 28th of April. That is correct.

Hon. Mr. DUFF: Subject to that misunderstanding with regard to the character of the fuses, that is to say, on paper it was closed.

Mr. NESBITT: Closed between the War Office and the Shell Committee for the five million fuses. What type of fuse it was is another story. That is what I am coming to.

Up to May 19, whatever the situation was, and whatever Colonel Carnegie's understanding was of the situation, no commitment had been made, or the type.

Hon. Mr. DUFF: Except that they were to be time fuses.

Mr. NESBITT: They had not embarrassed their position in any way.

On May 19, Colonel Carnegie sent a cable, Exhibit No. 66, at page 75, in which he asked explicitly for instructions as to the fuse to be fitted to the 4.5 Howitzer and the 18-pounder high explosive in the five million order. This cable at all events makes clear Colonel Carnegie's state of mind at that date. He felt that he required information on these points.

Further, the cable makes it clear that in Colonel Carnegie's mind at that time the question which was open was as between the No. 80 with or without some modification and No. 85.

Hon. Mr. DUFF: Undoubtedly.

Mr. NESBITT: He asks whether the shells are to be fitted with 80 over 44, and he refers to the No. 85 as an alternative.

Hon. Mr. DUFF: At that time he had no question of graze fuses at all in his mind. At least I am perfectly satisfied about that.

Mr. NESBITT: Not only so, but the reference to his cable is to ciphers 367 and 4506A.2. Cipher 367 is the cable of May 6, Exhibit 54, at page 58, in which the Shell Committee suggests a No. 85 fuse with an aluminium body.

Mr. NESBITT: As a matter of fact, however, the reply of the War Office to that suggestion. These, with the earlier cables, Exhibit 51 at page 54, and Exhibit No. 53 at page 58, relate entirely to a discussion of the substitution of 85, for 80 or the modification of the 80.

If Colonel Carnegie's understanding of the situation on May 19 had been unwarranted, one would have expected an immediate reply from the War Office stating that the fuse for 18-pounder high explosive and 4.5 Howitzer was a graze fuse, as already modified.

Hon. Mr. DUFF: That was a point of view presented by Mr. Hellmuth at the time of the former discussion.

Mr. NESBITT: As a matter of fact, however, the reply of the War Office, which came on the next day (May 20th) was simply an inquiry as to whether the

Shell Committee were in possession of the necessary drawings of No. 85 and its gauges to enable the manufacturer to proceed. That is in Exhibit No. 68, at page 78.

Hon. Mr. DUFF: I thought that had reference to the earlier cable. You will remember there was a cable from the War Office. I want you to help me in regard to that if you can.

Mr. NESBITT: I have it all here.

Hon. Mr. DUFF: There was an earlier cable from the War Office, if you will recollect.

Mr. NESBITT: On May 6?

Hon. Mr. DUFF: There was an earlier cable from the War Office in which the War Office had answered the inquiry as to the 85 by a statement that they would accept the 85 provided Mark VI were provided.

I noticed a communication on the 10th or 12th from General Bertram to Colonel Phipps asking him for a drawing or specification, or something of that kind.

At all events, with reference to the Mark VI isn't this cable of the 20th a reference to the cable in which the earlier cable is referred to?

My impression is that the reply to the cable of the 19th did not come until the 26th or 28th of May.

Mr. NESBITT: I am satisfied that the cable of the 20th was a reply to the cable of the 19th.

The cable of May 20th is Exhibit No. 68, and is to be found on page 78.

That cable does not refer to cipher No. 394, the cipher of the cable of May 19, but it does refer to cipher 367, which is the cipher referred to at the opening of the cable of May 19.

Hon. Mr. DUFF: What page is that?

Mr. NESBITT: The one of May 6 is at page 58.

Hon. Mr. DUFF: And what is the exhibit?

Mr. NESBITT: The exhibit is No. 54, the first one on the page. You say it is the first of those cables, not the second?

Hon. Mr. DUFF: It seems an extraordinary thing that they should ask if they had the drawing of the No. 85, and refer to a cable they had rejected. Let me put to you the point that suggests itself to my mind. The War Office had definitely said that they would not accept the modified 80 as proposed, for reasons they gave. That cable was answered specifically. They had already said, however, that they would take the No. 85 provided there was a modification of the shell body.

Does it not seem strange that they should cable with regard to a fuse which they had definitely and finally said they would have nothing to do with?

If you think I can work this out better afterwards than I can this way, I will be very glad to do it.

Mr. NESBITT: I think you can. The very face of the cable is an answer to what you have suggested. Take this cable, and the answer is plain.

Hon. Mr. DUFF: Is there not some mistake in that number 367? It is difficult to understand the Shell Committee sending an inquiry about that kind of fuse, which the War Office said they would have nothing to do with.

Mr. EWART: It is explained by the telegram of the 6th of May from the Committee suggesting the No. 85 fuse with the aluminium body.

Hon. Mr. DUFF: But immediately afterwards the answer came that they would have nothing to do with it.

Mr. NESBITT: Will you allow Mr. Stewart to speak instead of me for a few minutes?

Hon. Mr. DUFF: Certainly.

Mr. STEWART: The point is this and I think the very difficulty you state is what persuades my mind into the belief that these two cables are connected; the cipher 367 is a cable of the 6th of May. That, as you point out, is an obsolete cable in the sense that it had been legally disposed of:—

Shell Committee can proceed manufacture No. 85 fuse but suggest that your acceptance of it with aluminum body and brass time rings making total weight same as No. 80 fuse. This will save changing shell body design and will allow you use of aluminum which can be more easily obtained than brass. Do you agree?

That telegram is to be found on page 58.

That was an inquiry made on the 6th of May.

A reply was received refusing that proposition.

The answer is found on page 59, Exhibit No. 55:—

Cannot agree to your proposal, as we do not wish to experiment with a new pattern fuse, especially as No. 85 will not fit into the shell you are now making.

One would suppose that that was done with, and that was the fact.

It is only of importance as connecting the cable of the 19th of May with the cable of the 20th of May, except that the cable of the 19th of May starts this way:—

394 cipher. Our cipher 367 and your 4506 A.2.

In other words, they initiate a new inquiry in regard to those two old dead and gone cables.

Hon. Mr. DUFF: I follow you.

Mr. STEWART: On the 19th of May the Committee cabled to London and asked regarding recent contracts for 18-pr. shrapnel high explosive and 4.5 shells with fuse, are 4.5 and 18-pr. high explosive shells to be fitted with fuse No. 80 over 44?

Back came a cable asking with reference to No. 367 to let them know what gauges and specifications they had for No. 85.

What I say is that having regard to that reference which commences both cables, having regard to the fact that that cable came the next day and could not have any reference to No. 367, and no other cable coming on the 20th of May, the conclusion is irresistible, and was irresistible to Colonel Carnegie that that was the reply to the cable of the 19th.

Hon. Mr. DUFF: I have no doubt about the state of Colonel Carnegie's mind.

Mr. NESBITT: I think that after all the debate that has gone on here, there is no person can be blamed if their views about these matters differ.

I want to get this on the record for you.

Exhibit No. 68 will be found on page No. 78 of these proceedings, and is a cablegram from "Troopers" of the 20th of May, 1915.

That cable does not refer to cipher 394, but does refer to No. 367, which is the cable referred to in the opening cable of May 19th, so that it is clearly to be connected with it, especially as no other cable came from the War Office in any way dealing with the inquiry of the cable of May 19th.

Colonel Carnegie was, therefore, on the receipt of the cable of May 20th, even if not before, justified in assuming that, as regards the 4.5 howitzer and the 18-pr. high explosives, the question open in the minds of the War Office was a choice between 80 and 85.

On May 21st, Colonel Carnegie for the first time committed himself to an order for fuses, the order to Bassick, exhibit 69, page 78. This order is not the order of a careless man, but that of an extremely careful man. It provides for a choice between 85, 80 modified or 80 over 44, and for a splitting up of the order possible between these designs, and the order to Harris, Exhibit 76, page 83, is in the same form.

On the same day as the order was given to Bassick, namely, May 21st, Colonel Carnegie replied to the cable of May 20th, from the War Office. See Exhibit No. 289, page 864, which gives the information asked for, and still asking for a decision on the query of May 19th.

On May 27th Colonel Carnegie still had no answer, and cabled again asking for a decision. See Exhibit No. 80 at page 92.

On May 28th (which was received May 29th) came the decision of the War Office. See Exhibit No. 83 at page 95.

This decision of the War Office shows that Colonel Carnegie was justified in the view that the original instructions of April 17th had been superseded. The 80 over 44 fuse was ordered for the 18-pounder high explosive, though not for the 4.5 howitzer.

If Colonel Carnegie had proceeded on the original instructions of May 17th, regarding them as not in any way modified by the subsequent cables, his position on May 28th would have been very much more difficult than it was, as he would have had, to the extent of one-third of the order, to induce a manufacturer who had made his plans only for the graze fuse to undertake the time fuse.

In other words, if he had followed the May 17th document he would have had an order for two-thirds graze fuses and one-third time fuses.

Hon. Mr. DUFF: There is no doubt whatever that there was a change in regard to the No. 18, but I do not find any hint of that change anywhere until the cable of May 28th came.

Mr. NESBITT: You have to have the situation as Colonel Carnegie and General Bertram knew it on the first of June, when they were brought into close contact with those people.

They were in the position of having given orders for two and a half million time fuses to each of these parties. They were in the position, with both parties equally satisfactory in production, that one of the parties had all the aluminium in the market, and it was desirable also that they should get all the time fuse order for that. It would at least remove that element of doubt about delivery. They had the aluminium.

Now as to the other. The other was composed of Cadwell and Bassick, and they were only getting one-third of their two and a half millions in time fuses, where there was to be a double order of two and a half million time fuses.

Do you think for one moment that there was no room for negotiation there?

Hon. Mr. DUFF: I should have thought there was a good deal of room for negotiation.

Mr. NESBITT: Would they have taken any \$4.50 price for that order alone, being cut off with the 833,334? I should have supposed not.

As to the other 1,666,666, it was a practically unknown fuse. A loaded fuse had never been made standing gun fire on this continent, of the No. 100 style.

Hon. Mr. DUFF: I am not impressed by that, assuming that your argument is addressed to me.

The War Office prefers to do the loading themselves. All the evidence here is that the loading of the No. 100 fuse is a very simple matter indeed.

Mr. NESBITT: What about the 50,000 rejection of Lloyd Harris?

Hon. Mr. DUFF: That had nothing to do with the gun fire test.

Mr. NESBITT: It was the gun fire test that brought about the difficulty. They were rejected on the gun fire test.

Hon. Mr. DUFF: I am not sure about that. We were talking about loading, not gun fire test.

Mr. NESBITT: But that is part of the whole business.

Hon. Mr. DUFF: The loading itself is a very simple matter.

Mr. NESBITT: I do not dispute that.

Hon. Mr. DUFF: The question of gun fire test is a different matter altogether.

Mr. NESBITT: What is the evidence about that? The evidence is that Cadwell, whom you saw here, apparently a man of credit—what does he say? I do not need to give you the references to it. He says if he had been asked he would have said that he had an order at \$2.40, and another order at \$2.75 unloaded, and that if he had been asked the question he would have said that he would have to add \$1 at present at least for that.

Hon. Mr. DUFF: Well, suppose that had happened?

Mr. NESBITT: Let me finish, please. What you have to do with is, what Cadwell had in mind. He says to-day that he would not take the chance of gun fire under \$4.

Hon. Mr. DUFF: It is enough to consider it from Colonel Carnegie's position, not from Cadwell's position.

Mr. NESBITT: And he had to go more or less cap in hand and bargain with them. He was keen to the last degree to get those fuses; the price did not cut that much ice (snaps finger) and should not cut that much ice. He would have been derelict in his duty if he had allowed the price to cut that much ice. I mean Colonel Carnegie.

Colonel Harston said he was impatient when they talked about it, that he would have given \$5. The price they asked the Northern Electric Company to take had been \$4.

Mr. NESBITT: The price that Russell and Harris asked a month afterwards was \$4, and they were held up as the highest type of patriotic Canadian manufacturers.

General Pease—you brushed it aside yesterday as if it was nothing, when to me it is the strongest element in this case—General Pease, the best adviser the War Office had at that time, who was taking a most active part all over this continent, in Montreal, Quebec, New York, Ottawa and Toronto in the administration of affairs—

Hon. Mr. DUFF: Please do not address that argument to me in that tone.

Mr. NESBITT: It is not intended to be offensive. It is earnest, because I desire to impress it upon you.

The munitions adviser General Pease was sitting there. It may be said that he heard the contract read and did not make any remarks.

The point is that that expert ordnance adviser, probably knowing the price then current in England, which was \$3.60, made no comment. Why? If the price was such as to incur the displeasure of this commission, it is because it was extravagant, that it was so wrong that it is an evidence of bad faith.

Do you catch my point?

Hon. Mr. DUFF: I am afraid I do not catch the point, Mr. Nesbitt.

Mr. NESBITT: Let me repeat. It has been stated over and over again that the contract, in order to be one that you can deal with, within the scope of your Commission, must be a contract that was improvident and wasteful, that in itself is as bad as a fraud.

But you cannot interfere and sit and deal with a mere error of judgment in regard to a matter of 40 cents or 50 cents.

Hon. Mr. DUFF: I do not concur in that view. That it can be fraud I have stated half a dozen times at least.

Mr. NESBITT: Then it must be so careless, thoughtless and improvident, as to amount to a misfeasance, to an indifference as to the price, as though they were paying out money recklessly and improvidently.

If so, the point is that General Pease, with full knowledge of the prices being paid in England (\$3.60) made no objection, and said nothing about it.

I think probably when General Hughes came back from England—

Hon. Mr. DUFF: When did General Hughes come back from England?

Mr. NESBITT: In October, I think.

Hon. Mr. DUFF: General Pease intervened in July. After all, perhaps it is better to get into the light of noon upon this.

What impressed me with regard to the point about General Pease was this: that General Pease was there, and that he made no comment. But there is no evidence as to whether General Pease had been in the United States at that time. But General Pease went to the United States, came back and as a result of knowledge he got there, according to the evidence of all the members of the Committee he pointed out that prices were too high.

If any inference is to be drawn at all, it is that General Pease knew nothing about the prices in the United States.

The difficulty is that we are absolutely ignorant of the prices in England, except as regards this one particular instance that has been mentioned.

That is the way the incident with regard to General Pease impresses me. I do not say that it is not worth something, not for a moment; but I must confess that it does not sound convincing to me. I am far more impressed by the point you made a little while ago, that Colonel Carnegie may have been so absolutely overwhelmed with work that I think he had no business to be doing at all, that is, these commercial negotiations, having that kind of work thrown on his shoulders to an enormous degree in addition to his proper engineering and scientific work, and that the situation may have been such that a good many of these things can perhaps be excused in that way.

I am far more impressed by that than these other suggestions.

Mr. NESBITT: I am glad you mentioned that, sir. Would you mind letting me finish all my points, because you can only be seized of the position of Colonel Carnegie at that time by considering the factors in the situation.

He found himself faced with the necessity of making this contract. He had the knowledge that he had a tender at \$4 from these people.

Hon. Mr. DUFF: The fact that that was put forward rather had the opposite effect upon my mind.

Mr. NESBITT: But he did not put it forward.

Hon. Mr. DUFF: Yes, he did. It was put forward, to do him justice, in an argumentative way perhaps, when he was being pressed.

Mr. NESBITT: That shows how it appeals to different minds. It strikes my mind with a great deal of force, but not yours.

Hon. Mr. DUFF: I have great difficulty in understanding Colonel Carnegie, who was an engineer, paying the slightest attention to a mere estimate made by a man who had never seen the article, who had only seen a drawing and who had not a specification for it, and making that in any sense whatever the basis for fixing a price upon which he was to pay a sum of money amounting to seven millions of dollars for these graze fuses.

Mr. NESBITT: Seven millions do not amount to much in munitions.

Hon. Mr. DUFF: That may be. It is very obvious that Lloyd George and Lord Longley, who are as patriotic as anybody in this room, did not take the view that prices were of no consequence.

Mr. NESBITT: Neither did Sir Sam Hughes.

Hon. Mr. DUFF: You are pressing here that prices were of no consequence.

Mr. NESBITT: I did not say that. I said that seven millions was not such an important matter, if properly expended.

You have to bear in mind that they were sitting there, and I think you can get a mental photograph of what occurred.

He said to Cadwell, "What do you think is a fair price?" Cadwell said he never said a word to him about the rest, and he said he would not take less than \$4. They retired from the room, and Bassick said he would not take \$4, that he wanted \$4.25. Yoakum says he took no part in the conversation.

Hon. Mr. DUFF: I suppose Bassick was a pretty shrewd customer, and by this time he had come to realize the situation they were dealing with.

Mr. NESBITT: At any rate, we have the situation and the basis on which the price of \$4 was fixed.

All I can say is that I do not think any one who saw General Bertram and Colonel Carnegie in the witness box can come to any other conclusion than that it was fixed honestly. Undoubtedly it was fixed high, and they discovered it. The first person to discover it officially was Sir Sam Hughes. He kicked up more of a row about it than anybody else.

Coming back now to what we are inquiring about, namely, that Sir Sam Hughes was mixed up in a conspiracy to give a \$4 price—

Hon. Mr. DUFF: You need not address me upon that point. I have said already that as far as I am concerned these charges of dishonesty and so on have not been proved.

Mr. NESBITT: Then it comes back to this, that it was an error of judgment.

Hon. Mr. DUFF: Do not try to cut that down to an error in judgment.

Mr. NESBITT: I cannot call it anything else.

Sir WILLIAM MEREDITH: I suppose Colonel Carnegie would say that it was neither an error in judgment or official misconduct. That will be Colonel Carnegie's position, I assume.

Mr. NESBITT: That is my position, for him.

Hon. Mr. DUFF: I think Colonel Carnegie does admit that he made a mistake about that price.

Mr. NESBITT: I want to get the whole situation there, because they were discussing the price; it was not arrived at in a second.

Hon. Mr. DUFF: Do you suppose for a moment that Bassick did not know.

Mr. NESBITT: Did not know what, sir?

Hon. Mr. DUFF: Something about the cost of fuses.

Mr. NESBITT: I doubt if Bassick did. I think Cadwell did. I don't believe Bassick knew, because Bassick did not think there was anything in the contract. He wanted to get the commission and get out.

Hon. Mr. DUFF: It was improbable in the last degree that either Yoakum or Bassick would close the question of the distribution of whatever you call it (the commission they themselves call it) or the amount of the commission without knowing what these fuses were going to cost, or something about them.

Mr. NESBITT: My own impression is that they figured that they would get them made at a price under \$3.

Sir WILLIAM MEREDITH: Is there anything in what my brother Duff suggests, that these men were dealing with a greenhorn who would pay any price

Mr. NESBITT: No, because they had been put through a course of sprouts by Colonel Carnegie.

Sir WILLIAM MEREDITH: But as to the price?

Mr. NESBITT: Their work does not indicate that.

Hon. Mr. DUFF: The impression Cadwell's evidence made upon me was that he took mighty good care not to tell the prices he was getting in the United States for fuses, and my impression is that he was dealing with a man who had not all the knowledge he would have made it his business to get if he had been in the same position.

Sir WILLIAM MEREDITH: How do you understand the capabilities of Colonel Carnegie; was he competent to judge of the cost of the production of the article?



Mr. NESBITT: He was as competent as any engineer could be. Nobody could really judge of it. When you consider that, it is quite apparent that it was an experiment largely on this continent at that time.

I intended to finish with a few points that were brought before Colonel Carnegie and that he had to consider.

They said that they could not afford to do the work at that price, because the fuses had to be made out of steel, that they could not get brass, that it was not purchasable, and that they had nothing but brass machinery for the fuses they were making, that they had their supply, and that they did not believe they could get the price for the new order, that they had to put in steel machinery and that it would cost about a million dollars to do so.

Hon. Mr. DUFF: But Colonel Carnegie did not have a specification at that time.

Mr. NESBITT: Of what?

Hon. Mr. DUFF: Of the No. 100 graze fuse.

Mr. NESBITT: They had a telegram about steel. Cadwell said they could use either steel or brass.

Hon. Mr. DUFF: Cadwell had a specification.

Mr. NESBITT: And he had to make them out of steel.

Hon. Mr. DUFF: It looks to me as though Colonel Carnegie did not have a specification at that time.

Mr. NESBITT: The discussion took place on the question of price. At first they said that although they were making graze fuses at that present time they could not get a stock of brass for those they had to make and that they would have to make and that they would have to make them of steel, and would have to put in entirely new machinery. The second was that the whole proposition was a new one to them, in the sense of passing the gun fire test. Their wisdom about that is shown by what happened to them on the time fuses as the gun fire test went on.

If you will give me my time fuses under my present order, that means one set of machinery, one set of overhead expenses. You are now asking me to drop that. On a hurry up order it will cost at least a million dollars to put in machinery to manufacture steel graze fuses. If those considerations were brought before him on the 28th of May, the No. 100 fuse could be made of steel if plated all over.

Hon. Mr. DUFF: Where is that from?

Mr. NESBITT: The War Office to Carnegie, page 95.

Hon. Mr. DUFF: Is there anything to show specifications?

Mr. NESBITT: No, but he knew that they could be made of steel, and if the brass specification was there—you see Cadwell had it. I do not know whether he had it here; at any rate, it is quite apparent to me that the discussion went backwards and forwards for an hour or two and if any man pressed for time, rushed with work, urgency to the last degree, verified by the fact that he has an expert higher in office and greater in authority than himself who apparently though not interfering, was not objecting—

Hon. Mr. DUFF: General Pease was not there until the 19th of June. Between the 1st and the 19th there was ample time for him to have informed himself, the information certainly could have been got from the War Office.

Sir WILLIAM MEREDITH: In the meantime he had committed himself, early in June.

Hon. Mr. DUFF: I am speaking now of the situation in June.

Sir WILLIAM MEREDITH: I thought you said between the 2nd and the 19th.

Hon. Mr. DUFF: Instead of committing himself on that date it is perfectly clear that if a week or ten days had been taken then, instead of losing time he would have gained time. Weeks and weeks were wasted afterwards.

Mr. NESBITT: Is it an invitation that there was fraud in it? That is all I care about.

Hon. Mr. DUFF: Do not go back to fraud for me. I have said that so far as Colonel Carnegie is concerned there is one thing that impressed me very strongly with regard to the possibilities and the extremes to which non-fraudulent mistakes could go, and that is the mistake that he undoubtedly did make sometime about the 17th of April. Taking what I saw of him in the witness box, I do not want to say anything more about the question of his honesty.

Mr. NESBITT: Then I can pass from the discussion of it.

Hon. Mr. DUFF: I do not want to hear any discussion directed to that point.

Mr. NESBITT: Then, I dismiss the whole thing, because I think—I say this with due deference—it is entirely out of the scope of the Commission. I do not think you have any right to sit as a Commission and express an opinion of the prices they paid, unless you think it is a fraudulent price. You have a photograph of the situation as to that. Now, that being so, passing from the question of price, whether it is four dollars or three and a half, and nobody complained of three dollars and a half a month afterwards for getting them made in Canada, and I should have thought it would be equally so for getting them made loaded in the United States.

Sir WILLIAM MEREDITH: What is the justification for giving more money for the sake of establishing and having them made in Canada? That is as far as the Imperial Government is concerned?

Mr. NESBITT: Oh, everything. We are not dealing with that situation. There might be trouble at any moment. Put it this way: Everybody all the time, at the present moment even, is harassed with the consideration that if the United States gets into the war themselves they will cut off our supply like that.

Hon. Mr. DUFF: Then there would be the economic point.

Mr. NESBITT: The Canadian labour? But there is more than that. There were the hottest kind of cables passed. You take our soldiers but you won't give us any money, and the feeling is extremely strong yet in some quarters. At the time there was undoubtedly a feeling that Morgans were endeavouring to corral every bit of business for the United States factories, and that not a dollar would come into Canada—quite properly from their point of view—they were being asked to lend \$500,000,000, and probably will be asked to lend more. To-day there is the strongest feeling about money; we think it should be got here even at a higher price—and they are not paying war taxes.

Now, if you say the question of fraud is eliminated—

Hon. Mr. DUFF: All I say is that as far as I am concerned I do not want to hear anything on that.

Mr. NESBITT: Then I am not concerned in the slightest. That leaves me a very short job, because I am not concerned about what you were discussing this morning about Allison and his commission, as to what would have happened if the Shell Committee had known. I suppose they would have at once wanted to lower the price if they could.

Hon. Mr. DUFF: There is just one point there. Have you any suggestion to explain why it was that Colonel Carnegie did not take the other members of the Committee into his confidence on the situation that he found himself in after the letters of the 21st of May when the change took place.

Mr. NESBITT: I think he did take General Bertram into his confidence.

Hon. Mr. DUFF: I referred to the others. The man I am speaking of particularly is Colonel Watts.

Mr. NESBITT: Oh, I cannot tell you. My impression is that they did business—they came here to spend the day, and they told them what they had done.

Hon. Mr. DUFF: These men thought, every one of them—the contracts sent to Colonel Watts for revision—

Mr. NESBITT: For time fuses?

Hon. Mr. DUFF: He makes suggestions for the manufacture of fuses in Canada, and he appreciates the difficulty of making time fuses and approves of the thing under the impression that it is time fuses.

Mr. NESBITT: I have no doubt that graze fuses would not have meant anything to him.

Sir WILLIAM MEREDITH: I would gather that as far as the technical part of it was concerned, that was left to General Bertram and Colonel Carnegie.

Mr. NESBITT: Absolutely.

Sir WILLIAM MEREDITH: Whatever they did, the others had confidence in them.

Mr. NESBITT: As a matter of fact, much has been said here about Colonel Carnegie, but my own experience is that—I never met Colonel Carnegie but once, and that was for about five minutes—it was General Bertram who was the business man.

Hon. Mr. DUFF: But there is no doubt that these contracts were concluded by Colonel Carnegie.

Mr. NESBITT: Of course, but Colonel Carnegie was busy about his affairs, and General Bertram was interviewing I suppose anywhere from thirty to fifty people a day. The men worked like galley slaves.

Now, about Yoakum. I want to say that I have no brief from Yoakum, but his evidence was given here with great candour, it was given without the slightest desire to hold anything back; in fact, he was evidently a big man in a big way of business, accustomed to large affairs, and the statements that have been made about him in the Press and so on were not for a moment supplemented by even a hint in cross-examination affecting his standard either financially or otherwise.

Hon. Mr. DUFF: Are we concerned about the Press, the cartoons about Yoakum for instance?

Mr. NESBITT: So far as he was concerned, it was a pure business matter. I do not think any reflection can be made upon him, either as to his manner of giving evidence, or his method. He struck me as being a man who, if he could be induced, as he said he was, to invest large sums, this country would be very much the better for his energy, his breadth of view and capacity for business. I should think that instead of abusing him in every direction he should be welcomed as a great capitalist. He has a great belief in the future and possibilities of this country, and he should receive every encouragement. Then it was said again by Mr. Carvell as a reflection, "Here is just a peep that we have got, this belt transaction." If ever there was an exploded—

Hon. Mr. DUFF: I do not think we have anything to do with it, it is a collateral matter entirely.

Mr. NESBITT: It is a collateral matter it is true, but I am making my remarks more or less in answer to this political speech.

Sir WILLIAM MEREDITH: Everything that was said with regard to that was fully done away with.

Mr. NESBITT: The \$4.50 belt was changed to a \$5.50 belt, not by Allison, but by the Minister ordering an extra pouch and so on.

Hon. Mr. DUFF: I have forgotten absolutely all about it.

Mr. NESBITT: It was mentioned in the speech that has gone out to the public, but if ever there was a charge made without one tittle of truth, backed by half suggestions about telegrams, that was it.

Sir WILLIAM MEREDITH: As far as that is concerned, we cannot embody that in the report, but I desire now to say that I think that accusation was made without the shadow of a foundation.

Mr. MARKEY: It was not gone into here, it was before the Davidson Commission.

Sir WILLIAM MEREDITH: As far as the evidence goes that has been before us here, and I take back nothing of what I have said. The charge is absolutely and utterly without foundation.

Mr. NESBITT: Now, the Edwards Valve. Do the Commissioners want to hear anything about that so far as the Shell Committee is concerned? I do not desire to take up time discussing it, General Pease really took the brunt of the matter. That was a matter of express urgency. So far as taking it away from Canadian Manufacturers is concerned, it was an aid to Canadian Manufacturers to hold their contracts.

Hon. Mr. DUFF: Nothing that has been said about the Edwards Valve has made any impression on my mind as having any sort of real importance with regard to anything that we have to deal with.

Mr. NESBITT: Then as to the Lloyd Harris-Russell matter. Need I address myself to you about that in the slightest as having any sinister meaning as opposed to a perfectly plain and obvious meaning that the parties took out of it themselves at the time, because Mr. Russell's evidence is quite different from that of Mr. Harris, and so far as putting it on a higher ground, he puts it on a lower ground.

Sir WILLIAM MEREDITH: What struck me with regard to that was that it was quite irrelevant if no pressure in fact was used. If the fact be found first that there was no measure used—

Mr. NESBITT: I am not going to labour the point about Colonel Allison.

Hon. Mr. DUFF: I started to say that I was inclined to think—I do not want to put it as strongly as that—but I should hazard a guess, from the way in which the evidence was given, that some such phase as that may have been used and in all probability it was to be attributed to some wiggling that General Hughes had given some one because he found that contracts—I do not mean these particular contracts—had not been made for fuses. One can quite understand a phase of that kind, and can understand it taking on the significance through later events.

Mr. NESBITT: Would you let me give an explanation as well. As Mr. Russell says, "I am pretty sure the words were used, 'from higher up' to get the thing through without delay."

Mr. EWART: And he says from the War Office or the War Minister.

Mr. NESBITT: No, he says "From higher up, to get the thing through without delay," and coupled with this, that once the newspapers talked about Allison, Allison, Allison, comes in the sinister touch. If it had been otherwise, what would you have got through the statement of the Prime Minister? There is not a word of it in the memorandum to the Prime Minister, not a single mention of it, and for that reason I say the evidence stands hopelessly discredited as showing anything corrupt.

Hon. Mr. DUFF: The evidence is that this was handed to the Prime Minister afterwards.

Mr. NESBITT: No, no.

Hon. Mr. DUFF: Yes, afterwards.

Mr. NESBITT: No, no, the evidence is that on another occasion he handed this memorandum to the Prime Minister; that is a very different thing from the statement of a corrupt implication, and that you could not do business without him, a very different thing; that when they were putting in the real memorandum to the Prime Minister what they were objecting to—there is not a syllable about it, and you will remember that the Prime Minister was asked to give all the correspondence and the only thing he had was this memorandum in which not a syllable was used.

Now then, I think that covers everything that I desire to say about any of the matters, and in closing just let me say this. My friend Mr. Carvell said that not future generations, but the present one would thank them for having instituted such an inquiry. May I be permitted to observe that for such a speech as was made, which shook this country to its very foundations in its faith in the man to whom everybody is looking at the present moment for the successful termination of the war—in this country at least—it has probably done more harm in checking enthusiasm, in creating distrust, in creating unrest; it has done infinite harm in that direction through the publicity given to it with regard to the Shell Committee whose names ought to be emblazoned in letters of gold in every market place in the country; it has made their names stink in the nostrils of the people throughout the United States and England, and smirched the fair name of Canada, until your report, Messieurs Commissioners, comes out absolving them (as I hope it will) of every suggestion of fraud, graft, iniquity or corruption in public life, and these iniquities will remain in the names of Kyte and Carvell, and their names shall be a hissing and a bye-word for what they have done.

*Argument by Mr. Markey:*

Messrs. Commissioners, so much has been said about the scope of this inquiry that I rise with some diffidence to open that subject again, but in view of the remarks of Mr. Nesbitt and each of the other members of the opposing table, I feel that I ought to do so.

In the first place, I draw the attention of the Commission to the fact that Mr. Kyte's speech is not before this Commission. It has never been fyled. And while I have no objection to its being referred to and discussed for the purposes of the report, it is not before the Commission. We have, however, before the Commission the synopsis of that speech made by the Prime Minister, and that is the interpretation of that speech by Sir Robert Borden.

Sir WILLIAM MEREDITH: All that was told us by Mr. Carvell.

Mr. MARKEY: I am replying to Mr. Nesbitt now. If you will allow me, I am coming to this, which Mr. Carvell did not put before the Commission in the manner in which I propose to do so. The Commission recites, and the Order in Council has been attached—the Order in Council forms part of that, and therefore I take it that that is the "charge" using the expression in the broadest sense. That is the charge and that is the subject matter submitted to this Commission, and is the scope to which a report of this Commission should go.

Hon. Mr. DUFF: Mr. Markey, you do not suggest that the Commissioners would be discharging their duty if, having come to the conclusion that there was no dishonesty, they failed to say so? You would not suggest that would you?

Mr. MARKEY: That places Mr. Kyte in a rather awkward position, and that is what I wish to refer to.

Sir WILLIAM MEREDITH: Do you seriously suggest that if the Commissioners come to the conclusion—

Mr. MARKEY: In a general sense I assume that Mr. Commissioner Duff intended to refer to the particular charges of dishonesty, and I would like to say that if—

Hon. Mr. DUFF: Let us put it in this way. Suppose the Commissioners came to the conclusion that no dishonesty had been shown either in the Minister or in the members of the Shell Committee in relation to the making of these contracts or in connection with the contracts, do you seriously suggest that we should be performing our duty if we failed to report that after everything that has been said, and after the scope of the Commission.

**Mr. MARKEY:** It is not a matter which is referred to you, as I take the reference, as I take the mandate to this Commission, and if it be placed in such form as to go back as if Mr. Kyte had made a charge, it seems unfair to him.

**Hon. Mr. DUFF:** I am not putting it in that way at all, because after all I think perhaps that nobody wants to be unjust to Mr. Kyte. It is quite right that there should be no injustice to him. But after all, the great point is the investigation of these contracts with which Mr. Kyte had nothing to do.

**Sir WILLIAM MEREDITH:** What do you suggest we should do?

**Mr. MARKEY:** I, speaking for Mr. Kyte, have no objection to the Commission taking Mr. Kyte's speech as made in the House—call it a charge or what you like—and saying whether there is anything in that that has not been proven. I take Mr. Nesbitt's reference to that, and there is only one particular—does he draw attention to the failure to prove any fact alleged in Mr. Kyte's speech? That is that Mr. Kyte stated that they got the one million dollars from the Shell Committee, and immediately proceed to divide it up. Mr. Carvell has already explained that Mr. Kyte did make a slip at that one portion of the address. Only a few further lines down it is made perfectly clear that the commissions were being received by Mr. Cadwell as received from time to time and divided up. So, if you read Mr. Kyte's speech as a whole, he cannot be condemned for the failure to prove that.

**Sir WILLIAM MEREDITH:** Does he not say that all the money that was advanced was immediately taken and divided among them?

**Mr. MARKEY:** No, my Lord; that is just one reference. This is the reference which I have read:—

“After they got the \$1,000,000 from the Shell Committee they immediately proceeded to divide it for their trouble in negotiating the contract with the Shell Committee—and that is not to be investigated if hon. gentlemen opposite can prevent it.”

**Sir WILLIAM MEREDITH:** There is another statement about the advances.

**Mr. MARKEY:** I do not recall at the moment.

**Sir WILLIAM MEREDITH:** Have you under your eye the place where he speaks of the advances that were made?

**Mr. EWART:** Page 2375.

**Mr. MARKEY:** That is what I am reading. It is not in this as far as I can see. At any rate, I leave it to you, Messieurs Commissioners, to take his speech made in the House; we have no objection to you taking that and reporting in what respects the charges have been substantiated and in what respect they have not been substantiated.

**Sir WILLIAM MEREDITH:** Do you suggest that there was not involved in what he said, an accusation of dishonest conduct, malfeasance in office, by the Minister and the Shell Committee.

**Mr. MARKEY:** I do not, my lord, any more than Sir Robert Borden did in the cable that he sent that same evening to General Hughes, saying “I propose upon these facts to appoint a Royal Commission.”

**Sir WILLIAM MEREDITH:** Is it not perfectly plain that Mr. Kyte made a charge of malfeasance against the Shell Committee and the Minister?

**Mr. MARKEY:** That has appeared in the different party press.

**Sir WILLIAM MEREDITH:** No, no, on the face of the record. What I do not understand is what Mr. Kyte was about if he did not mean that.

**Mr. MARKEY:** He made no charge, for if he had suggested that there was corruption on the part of the Minister of Militia he would have been called upon on the floor of the House to put his charge in proper form.

Sir WILLIAM MEREDITH: That is in one view the inference as to what he did, not make a charge, but by inuendo—

Mr. MARKEY: That is my view. Now, in reply to the intervention of Allison in these contracts. In the first place—

Sir WILLIAM MEREDITH: Without at all desiring to shorten your address, how long will it be before you finish?

Mr. MARKEY: I will finish about half-past six.

Mr. HELLMUTH: Will you give me ten or fifteen minutes?

Sir WILLIAM MEREDITH: That will be about eight minutes too much.

Mr. HELLMUTH: I have been the only one who was short.

Mr. MARKEY: Referring to Allison's intervention in this contract, he has first given as his excuse that it was for the purpose of breaking prices. My learned friend apparently has abandoned that now altogether, inasmuch as Allison never broke prices. The prices had not been broken on the 26th of April. Then, the reason given is that they did not wish all the eggs to be placed in one basket.

On the 29th of April the International Fuse Co. practically had a contract for five million fuses. It was granted, the terms settled, and upon that date transmitted by letter to Mr. Patterson.

Sir WILLIAM MEREDITH: What is the date?

Mr. MARKEY: The 29th of April. The draft form of that contract for 5,000,000 fuses was sent to the International people. Two days later the suggestion is to bring Allison in.

Sir WILLIAM MEREDITH: At that stage was it not part of the arrangement that they were to establish a factory in Canada?

Mr. MARKEY: I know it was, my Lord, but I am afraid to open up that subject because it would take some time, and consume my fifteen minutes, but I am satisfied that on the 29th that they were satisfied to build in Canada, and all their contracts were to build in Canada, and it was only on the 21st or the 25th when the letter was given by the Shell Committee to the American Ammunition Company who would not build in Canada that thereupon the International people were relieved. That is my view of it, possibly I am a little outside of the evidence there. .

Now, on the 29th before the contract was settled, Allison is brought in, and on the 21st they are given a contract for 3,000,000 fuses—not one-half, but more favourable treatment, 3,000,000 out of the 5,000,000 fuses—and on the 22nd when the International people appear they are not told of this fact. They are brushed aside. The other people in this short space of time had walked off with the contract for 3,000,000 fuses. They are not told of this fact and go away discouraged. They get down as far as Coteau and Mr. Harris says, "I will go back to Ottawa and make another attempt to get that contract." And he comes here on the 25th and gets a contract for two and a half million. I draw attention to these facts and to the other preferential treatment of the Allison crowd. The International Fuse Company had been working for months, they spent thousands of dollars—

Sir WILLIAM MEREDITH: That is one of the difficulties I have had in understanding the conduct of the Shell Committee, but it would surely take a great deal more than that. Just think what it means to attribute to men in the position of the Shell Committee anything like dishonest conduct in a matter of this kind at that time. It means attributing—I was going to say a depth of infamy—and I do not think it is a bit too strong. It is incredible almost to draw a conclusion of dishonesty from mere difficulties in understanding or strong evidence of negligence or anything of that kind.

Mr. MARKEY: I am glad that you have drawn my attention to that, because I have no desire to impute any personal dishonesty either on the part of General

Bertram or Colonel Carnegie, but I will go so far as to say this—just let us assume that the conditions are equal.

Sir WILLIAM MEREDITH: I see you are looking at the clock, you can go over your fifteen minutes if you wish.

Mr. MARKEY: Assume that the conditions are equal as regards price, that under the directions or instructions they had received from General Hughes that they did in that manner favour the Allison crowd in giving that contract on the 21st for the 3,000,000—and I do not go a bit farther than that. What I think Mr. Carvell intended to say was just what I am saying now, that the influence of the minister, the expressed desire of the minister, that they should go to the Allison crowd was sufficient for them to try and put it that way, and they could do so without being negligent in their duty. The price was the same from one as from the other.

Now, I wish to refer to the contract—the agreement between Yoakum and Allison. I admit that it has been claimed here that the agreement between Yoakum and Allison was to cover, had in contemplation some foreign business. But no proof has been made of any foreign business, and as far as we understand from the evidence here, at that time, Allison had abandoned his foreign business and returned to New York. I submit therefore that the only business they had in view at that time was business of the Canadian Government. Bearing that out, Mr. Yoakum states that he came with Colonel Allison to Ottawa and met the Minister in the early part of March, evidently finding out the relations that existed, and on the 12th of March Yoakum parts with \$10,000 to Allison. The next occasion is the 5th of May. On the 4th of May they all met together, they obtained all the drawings of the fuses and so on, and on the very next day Allison received from Yoakum \$10,000. It is a strange coincident that it happened just then.

Now, putting a very pertinent question which was put several times during the argument whether or not Allison had overlooked the partnership agreement which he made with Yoakum in the month of February. Does it seem probable that he could have overlooked it during the course of those very negotiations when at the same time he got a cheque for \$10,000 on account from Mr. Yoakum. On the 5th of May he got a cheque for \$10,000 when those negotiations were on, and yet he said, "I had not in view my partnership agreement to divide commissions with Yoakum." As Mr. Carvell said, "Tell that to the marines."

My learned friend tried to liken Mr. Allison's position to that of the Morgans. As I understand the Morgans received their commission from the British Government, and that is where Allison would have been entitled to his commission. My learned friend Mr. Nesbitt this afternoon, to my amazement, spoke of a commission of 2½ per cent, but I see nothing of record to justify any such statement; in fact I have always heard it stated that the brokerage commission was something less than 1 per cent, and that is what is commonly known as a war brokerage, not a commission of 10 per cent. Furthermore we have heard what Colonel Mackie's commission was on the Russian contract, namely a fraction of 1 per cent. If Colonel Allison was entitled to a small commission, it would be something like 1 per cent—

Sir WILLIAM MEREDITH: There were various commissions—Ryan had 40 per cent.

Mr. MARKEY: This is speaking of something which is not on record, which I happen to know something about; as to the Ryan commission, as I have heard from Mr. Ryan himself, he took an option of 40 per cent of the stock, and was to contribute all the necessary capital to finance the business. If there were profits in the transaction he would be a partner to the extent of 40 or 60 per cent; that is the transaction. Mr. Ryan has been mentioned as a merchant; he is a financier, a wealthy man, and he proposed to finance the contract, and become a partner in connection with it. We have at any rate, in the Russian contract, as I have stated, that Mr. Mackie's commission was a fraction of 1 per cent. Referring to the General approving of a small commission which Allison would be entitled to, when he comes upon the witness stand and



approves of the commission of nearly 10 per cent, I presume that is what the General had in his mind when he spoke of a small commission, something like 9 or 10 per cent.

Reference was made by Mr. Laflamme, as evidence of there being no undue influence in favour of the Allison crowd, that they did not get a contract for the whole five millions instead of only three million or two and a half million. I would, however, draw to the attention of the Commission, as a reason why he could not in decency have done that, was because they were obligated for the whole five million to the International Fuse people, as clear as they could be with the draft of the contract in their hands, and as far as they could go was to take three millions away from them, unless he subjected to a great deal of criticism, which they could not have stood up under, altogether inexcusable. Mr. Justice Duff, during the course of the argument, asked why Mr. Carnegie did not apply to the Morgans, and the excuse was made that it would not have been given, because you see the letter which we have before the Commission here. There is this distinction. A letter to the Commission would have been giving the information to the public in a public inquiry, and naturally they came to the conclusion that it was not advisable to do so. If Colonel Carnegie desired this information, or had any doubt about the Morgans giving it, he could have cabled to the War Office, and instructions would have been given to the Morgans to give the necessary information; in fact the present Board has been getting the information all along.

Then Mr. Nesbitt argued that times have changed from a year ago, when, as there was not now, the same urgency as there was then. Is it possible to find why there is not the same urgency? We have not delivered anything yet. A year has gone by, and there is not the same urgency for the delivering of the goods as in the month of May and June a year ago.

Part of the reference of Mr. Nesbitt was that had these shell contracts been let out to the States we would not have recovered the war tax; but he overlooked the fact that these two contracts, the International Arms and the American Armament Co., being let out in the States, the profits that were made thereunder would not accrue to the benefit of our war tax.

Mr. HELLMUTH: In opening I endeavoured to draw what I thought was the scope of the Commission before the Commissioners, and I am glad to find that Mr. Carvell in his address, and I take it Mr. Carvell represented Mr. Kyte, although he did allude to what I have said as having changed me into a political advocate, by which I understood him to mean that I did not agree with his politics, nevertheless when it came to what he wanted the Commission to make a finding on, he practically agrees with what I submitted was the scope of the Commission.

Hon. Mr. DUFF: Are you citing him as an authority?

Mr. HELLMUTH: No, I am citing Mr. Carvell as a man who at all events, whatever one may think of him, is downright.

Hon. Mr. DUFF: I hope you do not suppose I am suggesting anything against him.

Mr. HELLMUTH: Not at all, but I cite him as a man who is downright, who knows what Mr. Carvell and Mr. Kyte meant by the speeches they made in the House of Commons.

Sir WILLIAM MEREDITH: That is an unfair observation; that rather suggests that he is not upright.

Mr. HELLMUTH: Not at all, I am not making any such suggestion; I am not even going to allow the Commissioners, with all respect, to torture anything I may say into such a statement.

Hon. Mr. DUFF: What difference does it make whether Mr. Carvell takes your view or does not take your view?

Mr. HELLMUTH: This difference, that there is only one view; that is my position.

Hon. Mr. DUFF: I am glad to hear that, but I do not concur in it.

Mr. HELLMUTH: That is why I am addressing myself to the Commission; I want to try and convince you that there is only one view. My submission to the Commission is this, that it never was intended that an inquiry—

Hon. Mr. DUFF: When I said I do not concur in it I mean to say my mind has not come to an agreement.

Mr. HELLMUTH: What I was going on to say, it was never intended that an inquiry such as this should be instituted and proceeded with unless the honour and integrity of either a Minister of the Crown or of some one who was in some way responsible to the people of Canada, should be investigated, but that it was ever intended that a commission should be issued in order to find out whether some Americans or some Canadians who hold no responsible position had made more money than they should have made out of some contract, that was not the intention of the House, that is all.

Hon. Mr. DUFF: Yes, but these of course are not alternative at all; you put one extreme and the other extreme; you leave the whole region between.

Mr. HELLMUTH: I think I can explain myself. All the evidence—and I have endeavoured to adduce all evidence I could get hold of—all the evidence that was brought before this Commission so far as I was concerned was brought before it with a view of throwing light upon the question of whether the Minister of Militia, the Shell Committee and Colonel Carnegie incidentally as a member of that Shell Committee had in what they had done in connection with these fuse contracts, been guilty of misconduct in the broadest sense, I mean improper misconduct, and with no other object. It was not brought forward with a view of showing that Allison had received a commission, or that Yoakum or Bassick had made profits, but it was brought forward so as to show whether by that evidence itself it implied or forced one to the conclusion for or against corruption or improper dealing on the part of General Hughes or the Shell Committee. That was the view.

Mr. HELLMUTH: If it should come that when a Minister of the Crown selects or chooses half a dozen men, or one, as broker, and the broker that he so selects, without his knowledge or concurrence in any way sells his influence I should again say that it would be a sorry day if that man by the accident of the fraud of the man in whom he placed some work to be done, should be driven from office.

Sir WILLIAM MEREDITH: Was not this the view, I do not profess to speak of it with any accuracy; but did not Lord Westbury feel that owing to what people might say as to what had been shown to have been done by his son, he felt he ought to resign?

Hon. Mr. DUFF: I think there was an adverse vote in the House of Lords. There was a great debate in the House of Commons.

Sir WILLIAM MEREDITH: But there was no investigation of Lord Westbury.

Hon. Mr. DUFF: I do not remember that there was any investigation; there was an adverse vote.

Sir WILLIAM MEREDITH: Not against him, was there?

Hon. Mr. DUFF: The whole subject was thrashed out.

Mr. HELLMUTH: I am trying to deal with the matter as far as I can in a practical way. I cannot conceive that because General Hughes had trusted Allison to go down and break prices in New York, if Allison did take a commission in regard to one of the companies, or the company that he had been instrumental in bringing into existence by getting his promoters together, and he took that without General Hughes's knowledge at the time, in fact took it letting the General believe at the time by the letters he sent him—I cannot conceive how General Hughes could possibly be in any position which any one could cavi'.

Hon. Mr. DUFF: I quite agree with you. But the suggestion having been made that the close association between Mr. Allison and him involved him in Allison's frauds, can you not conceive the question of Allison's conduct plus his relations being the subject of investigation? When I say involve I do not mean to say involve him personally, but what I wanted to suggest is this, that if a man gets close to a Minister of the Crown and does crooked things, takes advantage of his intimacy with him to do crooked things, and in that way in the minds of the people involves the position of the Minister, can you not conceive an investigation with the object of freeing the Minister of the suggestion made against him? I am not suggesting for a single moment that anything here involves General Hughes at all; it is the very opposite.

Mr. HELLMUTH: It is not my purpose to deal with it as to whether Allison was guilty of all sorts of things; I am expressing no opinion.

Hon Mr. DUFF: I should have thought, it strikes me, you cannot escape dealing with this question of Allison, and dealing with the question of General Hughes's relation with the thing; surely that is one of the objects of the investigation.

Sir WILLIAM MEREDITH: According to the arguments we have heard we ought to hand in a blank sheet of paper; that is what it amounts to, put them all together.

Mr. HELLMUTH: I do not think perhaps you have understood me; what I meant was if you come to the conclusion that General Hughes and the Shell Committee have had no improper, corrupt, or in the very broadest sense, misconduct in the transaction then I say the rest of it does not matter.

Hon. Mr. DUFF: Let us suppose it goes further than that; let us suppose it appears, in addition to that, that in what Allison was doing he was deceiving and taking advantage of the position, is not that a subject that in justice to General Hughes ought to be dealt with?

Mr. HELLMUTH: It seems to me the larger includes the less. If you are not guilty, what more? If you are guilty, why? That I can understand. That is the position I want to present to this Commission.

Sir WILLIAM MEREDITH: Would it be at all satisfactory to the public if this Commission did not report the fact, if that conclusion is come to, that Allison improperly received a large commission with respect to these contracts or one of them?

Mr. HELLMUTH: Of course the Commission will itself decide what it will report, and how it will report. I am merely presenting—

Sir WILLIAM MEREDITH: I am asking you; do you argue that that ought not—

Mr. HELLMUTH: I would say that Allison, Yoakum, Cadwell, and anybody else are absolutely insignificant figures; I do not say that of Colonel Carnegie—I would have said it if he had only been ordnance adviser—I am not speaking of their size at all; all that this country cares to know is, what are the people whom we have in charge of these matters? Are they doing their duty, or are they, by means of graft or corruption helping their friends?

Hon. Mr. DUFF: Perhaps it is academic in this way: there is no question whatever about it that Allison's relations to General Hughes, the question of responsibility of General Hughes with regard to what Allison did, must be dealt with; you would not dispute that?

Mr. HELLMUTH: No.

Hon. Mr. DUFF: I should suppose it would be almost impossible, certainly impracticable to do that in a really intelligible way without dealing with Allison's conduct. Could you suggest—

Mr. HELLMUTH: I could suggest, but I am not going to make any more suggestions of that kind, because the suggestion I have made does not seem to meet with much success. But I do want to impress that idea: why would it be necessary for this Commission, for instance, to find—and my friend Mr. Atwater will feel very much like pulling me down when I say it—that the International people have done their work splendidly? I believe they have done their work splendidly, and I say that with absolute sincerity, but I do not know that it is necessary for this Commission to so find. However, I do not propose to detain you.

I may say on behalf of the Bar, as counsel appointed by the Government, that speaking for myself and for all the members of the Bar present, we all feel very greatly indebted to the members of the Commission for the absolute kindness with which they have allowed us to bring in what must at times have been apparently irrelevant evidence, although I do not think there was much that was irrelevant, and for the courtesy they have extended to the members of the Bar who have taken up far too much time of the Commission.

Then might I add, I have a letter which I would like to present to the Commissioners from Cadwell. I do not think this falls within any category that it should not be presented, because it is merely telling that he has been most successful, which can be verified from Valcartier, and I am sure the whole country will be pleased.

Sir WILLIAM MEREDITH: We had that to-day.

Mr. HELLMUTH: I have the exact figures. He says that since giving his testimony lot 24, and each of the last four lots, namely lots 26, 27, 28 and 29, have passed the gun proof tests and been accepted. I believe, and am told, and again I bow to my friend on my right (Mr. Atwater), that Major Hawkins has had something to do with solving that difficulty.

Mr. ATWATER: I wish, Messrs. Commissioners, on behalf of the members of the Bar and my confreres here, to associate myself with the remarks of Mr. Hellmuth in regard to the courtesy which has been shown to us.

Mr. MARKEY: In behalf of Mr. Carvell and myself I desire to express our thanks for the courtesies we have received at this end of the table from the Commission.

Mr. EWART: Perhaps I can speak for this whole table, and join in this expression.

Sir WILLIAM MEREDITH: I am very sorry these observations are made, because we are going to turn ourselves into a mutual admiration society. But in discussing it with my brother Duff it was thought that we ought at the close of the inquiry to express our satisfaction with the manner in which this inquiry has been conducted by the various members of the Bar who have been concerned in it. I do not think a word too strong has been said by the gentlemen who have spoken of it as to the way in which Mr. Hellmuth has conducted this inquiry, and I think it is especially gratifying that dealing with the subject as to which fireworks and bitterness might at any time arise, so little of that has been seen throughout this inquiry. I think counsel are to be congratulated upon the admirable manner in which they have conducted not only the inquiry as respects their position, but as between themselves. I hope that the result of this inquiry will be as satisfactory as far as the Commissioners are concerned, as we think the conduct of those who have been before us has been.