

Loose Methods Employed by Farm Settlement Board

Startling Report Made to the Government by Special Auditor Williams---Jobbery Favoritism and Gross Mismanagement In Evidence on all Sides---Board was Handed a Lemon in the Shape of a Half Acre Farm Encumbered by a Mortgage.

Following is the report of T. V. Williams, the special auditor appointed by the old government to investigate the accounts of the Farm Settlement Board. It was laid on the table of the Legislature on Friday, and it should be read by every elector in the province, for it shows the manner in which the affairs of the board have been mismanaged, particularly with respect to the farms which have been bought and resold to the same parties, or to parties bearing the same name, or to others whose names were so similar that there is a clear indication of close relationship.

The report also makes it clear that the facts in connection with the Fullerton farm in Albert county are exactly as E. S. Carter declared they were, notwithstanding the emphatic denials of Hon. A. J. Murray at the time. Mr. Carter, it will be remembered, submitted proof to show that this farm was not sixteen acres but one-half an acre, and that the late ex-Governor McClellan held a mortgage on it for \$200. Read what the special auditor has to say about this farm.

Mr. Williams began the report for Hon. J. A. Murray and completed it for Hon. Mr. Foster after the defeat of the government. From the portion of the report to Mr. Foster it will be seen that in the absence of Hon. Mr. Murray in England, the acting minister of agriculture, Hon. B. F. Smith, sold some farms in Carleton county, which sales were apparently countermanded by Mr. Murray on his return.

The auditor strongly condemns the methods of bookkeeping used.

Portion of Report to Hon. J. A. Murray.
Fredericton, N. B. Feb. 5 1917.
The Honorable J. A. Murray, Minister of Agriculture, City.
Re Farm Settlement Board.

Der Sir--In making my final report and on presenting the financial statement for the four years ending October 31, 1916, it has occurred to me that perhaps it would be better if I go over the ground again and in the form of a recapitulation sum up all the reports presented to you or the premier, after examining very closely all transactions since the inception of the board in October, 1912.

In this connection, then, I would like to remind you that an audit and examination of the Farm Settlement Board accounts was made for the first time in April, 1914, practically allowing a fund amounting to over \$100,000 to be administered by the secretary (and board) without any control or supervision whatsoever. As the report by J. H. Maxwell in May, 1914, showed, checks were frequently drawn to bearer and many were not endorsed. In verifying the above report May, 1914, to the auditor general, thence transmitted to the minister of agriculture, I would remind you that as stated, when it was discovered early in April, 1914, that the overdraft at the bank had exceeded the \$100,000 granted by the legislation in 1912, 2 George 5, chapter 28 bonds for \$14,000 were sold and the proceeds, amounting to \$13,300, remitted to St. John to reduce the overdraft. Instead of doing this, however, more farms were purchased, with the result that the act was amended and a further sum of \$50,000 provided, making in all \$150,000. The report mentioned above referred to the fact, now verified, that the financing was arranged as to \$100,000 loan by letter from J. K. Flemming to the bank, and the \$50,000 by letter from H. F. McLeod.

You were also informed that thirty-seven farms, valued at \$31,611.43, had been purchased and were still on hand

at the date of the report, May, 1914, adding considerably to the interest charged by the bank, \$5,840.81.

In my interim report, dated July 25, 1916, I confirmed the foregoing report, and added that several more farms had been purchased under the same methods, that of paying off mortgages or loans, and reselling to the late owners, wrongfully applying terms of the act.

The attached statement, sent with the auditor general's report in May, 1914, shows that a number of farms had been purchased from certain persons and resold to them, or to relatives, on the easy payment plan, which, however, was not contemplated by the act of legislature.

The following names were reported to you as selling and rebuying on this head:

John Babineau, of Kent county, sold his farm for \$200 to the board; Frank Babineau, also of Kent county, on the same date sold his farm for \$300 to the board, the latter farm being sold again to John Babineau as above on the terms provided under the act. C. P. Bull of Carleton county, sold his farm for \$700 cash to the Farm Settlement Board in May, 1913, the board reselling it to C. P. Bull without any initial payment, but in May, 1914, the latter paid the board \$105 -- (\$70 on principal and \$35 on interest for one year).

Very Bad All Through.
In verifying the report concerning Walter Leitchford, I find this transaction is very bad from beginning to end. Walter Leitchford of Lake Edward Settlement, Victoria county, was granted ninety-nine acres of crown lands on February 27, 1914, this land being sold to the Farm Settlement Board for \$500 in cash on December 1, 1913, virtually three months before the lot had been granted to Leitchford. As

reported to you there was no documentary evidence to prove payment of \$500 to W. Leitchford, the check not being endorsed and no deed given for the land. On March 27, 1914, the board made another payment of \$400 to W. Leitchford for which there is no voucher and no deed. Then, after paying W. Leitchford the two sums in cash totalling \$900 the board sold to W. Leitchford the Samuel Lovely farm for \$1,000 on easy terms under the act. So that, whilst six per cent. was being paid by the Farm Settlement Board to the bank for loans, this money was lent at five per cent., part of it without any security whatever. As this particular case was commented on by the auditor general when forwarding J. H. Maxwell's report, and also by Special Auditor Dunlop very strongly, I am confining myself to facts and figures without further comment.

A check for \$1,500 issued to the Royal Bank at Bathurst for the Knowles brothers' farm, but the deed in possession of the Farm Settlement Board is from the Royal Bank to J. H. Stewart for \$1. As suggested in the report in May, 1914, a deed should have been in the hands of the board for \$1,500. This latter, however, having been the subject of an investigation, and now a matter of history, I am making no further comments on the transaction.

The Fullerton Farm.
The Renforth Fullerton Farm of presumably 16 acres, Chester, Albert county, was purchased by the Farm Settlement Board for \$200 and sold to James Wilson, who made an initial payment of \$50 to the Farm Settlement Board. It later transpired, however, that instead of 16 acres there was scarcely half an acre and a mortgage was held by Mr. McClellan for \$200. Had the title in this case been looked into properly by the Farm Settlement Board and a certificate obtained, no difficulty would have arisen. Fullerton has since refunded \$150 of the money paid to him, the remaining \$50 having been paid to the Farm Settlement Board by J. Wilson, the purchaser, who now apparently holds the farm. In this connection the matter of the proper examination of titles and certificates from the lawyer employed by the Farm Settlement Board, or registrar of deeds, should be a subject for serious consideration. If ordinary care had been taken by the board or the secretary, no time need have been lost or expense incurred as the area, title and mortgage could have been found in the record office and the misrepresentation by the vendor at once disclosed. Such misrepresentation in this case should not have been allowed to pass without some reference to the attorney general who would have naturally inquired into the matter.

James Horton bought of the Farm Settlement Board the Mary Chapman farm, Carleton county, the deed showing value of \$950. A check was issued by the Farm Settlement Board for \$400 only, whereas it appears that \$550 passed from Horton to Mary Chapman as initial payment. Therefore, with no documentary evidence on record and no instructions from the board to the bookkeeper, \$400 only was recorded in the ledger, the transaction thus standing incomplete and not in agreement with the books and deed.

Says Bookkeeping Bad.
As to the method of keeping accounts and records in St. John, it seems unfortunate that the bookkeeper was not procured that would understand how to make the necessary entries. But in this connection it would appear to me more to be regretted that a secretary was appointed that had no knowledge of bookkeeping or of keeping accounts, therefore utterly unable to supervise the work of the bookkeepers engaged at different times. And it should be borne in mind that the secretary would necessarily have to deal with accounts and finances both as to purchases and sales, and should at least be competent to examine into details as to title, acreage represented by vendors of farms, and finally to see that a certificate of title was received from the lawyer or record office. Had such a man been appointed and had he intelligently dealt with these matters, none of these difficulties would have arisen in connection with the purchase of farms.

Very Bad.
I regret very much that on placing all these matters before you and exhibiting the books and cards from the St. John office, that trouble should have been brought on the head of the secretary, but the general state of the books and records was so bad that I was compelled to do this, and to prevent further trouble on the same lines suggested that you take the work of the weekly report sheet and details of keeping the card system to date out of the hands of the secretary.

The bookkeeper had been permitted to take the books home for night work, and without any knowledge of the daily happenings, made entries for the interest on the debtor side, without any regard to the receipts given by the secretary, or even to the payments made, whether on principal or interest, and dates to or from, so that when it became necessary to check up the in-

terest and deduct it from the principal paid, no agreement could be made between the cards and ledger, and the receipts could not be reconciled with the entries made. I was therefore compelled to revise and rewrite a new card for every purchaser of farms, and work out separately every item of interest received during the four years from October, 1912, to October, 1916. I have caused to be printed a form of weekly report, which is sent to me from St. John, every transaction being recorded thereon, and all in agreement with the card system on file, both as to interest and principal. The books are now kept in Fredericton and the card system in St. John.

I am attaching herewith four statements.

Since writing the above I find that the statements may have to be held for the moment, as the Farm Settlement Board account in St. John contains no record of \$20,608.71 remitted from Fredericton in 1914; neither can a warrant for payment to the bank of \$114,967.88 in June, be located, and as this amount includes the interest charged by the bank at six per cent. for about eighteen months and five and a half per cent. for about three months, I am unable to complete these statements without these data. To this difficulty may be added the fact that the bookkeeper in St. John had made no entry of \$20,608.71 and had credited proceeds of bonds on the Farm Settlement books, although cash receipts from other sources were properly debited, and notwithstanding these errors the balances had been struck each month.

Portion of Report to Hon. Mr. Foster.
The Honorable W. E. Foster
Premier,
City.

Dear Sir:--
Continuing the report attached, which was intended for, and addressed to, the ex-premier and minister of agriculture as explained at foot of sheet No. 4, I beg to report that I have been to St. John which I was permitted to assist the officials of the N. S. Bank in tracing the details necessary to complete the statement for the four years ending October 31, 1916, which I am now submitting.

You will notice that on statement marked No. 1, I have shown a completed summary of the number of farms purchased in every county to above date and amounts paid. The figures under the amount spent represents the number of farms purchased thus: Albert \$20,200--26 farms.

On statement No. 2 is shown the receipts from the sale of farms in every county, the total amount representing initial payments, yearly instalments on principal, and interest on (yearly) balances paid by purchasers of farms, and amount of interest allowed by bank on credit balance.

Statement No. 3 fund account proper, shows cash received from all sources as loans by bank, or sale of bonds, and the added receipts as per No. 2. On credit side will be found total spent on purchases of farms and cash at bank at end of fiscal year, October 31, 1916.

Statement No. 4 is the balance sheet and shows that the assets at end of October, 1916, consisted of farms unsold \$4,814.16 the value of mortgages (outstanding) balances owing on farms on above date \$143,015.76. The surplus is represented by the difference between discount on bond issue, interest on loans by bank, and the interest earned on outstanding balances at 5 per cent. paid to Farm Settlement Board, and bank balances 3 per cent. credited by bank. In concluding this report I beg to submit that whilst I do not consider it was contemplated by the act that farms were to be sold in the manner described by paying off mortgages and loans, and replacing late owners, sometimes without initial payment, there is to a certain extent something to be said in favor of the secretary's argument, that by the method adopted the lands are again producing, whereas most of the farmers would have been dispossessed. This helps me to the conclusion that the act is really beneficial and in the

Laugh When People Step On Your Feet

Try this yourself then pass it along to others. It works!

Ouch! ??!! This kind of rough talk will be heard less here in town if people troubled with corns will follow the simple advice of this Cincinnati authority, who claims that a few drops of a drug called freezone when applied to a tender, aching corn, stops soreness at once, and soon the corn dries up and lifts right out without pain.

He says freezone is an ether compound which dries immediately and never inflames or even irritates the surrounding tissue or skin. A quarter of an ounce of freezone will cost very little at any drug store, but is sufficient to remove every hard or soft corn or callus from one's feet. Millions of American women will welcome this announcement since the inauguration of the high heels.

interests of agriculture, and with some changes and more care in administration much good may undoubtedly come of the whole proposition. I can readily prove that within the last few days I have received many messages showing apprehension that trouble was coming to the present holders of farms. In one particular case a man was brought to me from Millville, who wanted to make his annual payment of principal and interest, and expressed himself as highly pleased with the splendid bargain he had made and the fine terms given for payment. Without repeating matter already touched upon there is no denying the fact that too much money was paid for some of the farms, hence the debt accruing in the form of overdue outstanding balances shows that these farms will not produce sufficient to pay the necessary expenses, even on the easy terms provided by the act. On the other hand, the Millville and other cases will bear out my contention as to the utility of Farm Settlement Board proposition. Now that the method adopted since the amended act of 1914 takes from the Farm Settlement Board any power to sign checks for purchases of farms and places before the minister of agriculture all applications for purchases or sales, some of the trouble has been eliminated, certainly the practice of leaving a large number of farms unsold as reported at various times, whilst many more new farms were being purchased. This cannot now obtain as under present methods I understand that before a farm is purchased a buyer has been found.

As requested by you I have attached a statement No. 5 showing that since November 1, 1916, twenty-three farms, have been purchased in the counties named at a total cost of \$26,450 less \$8,000 for four farms, checks for which have been cancelled since commencing this report. I have also shown cash that has been received on account of instalments, interest on yearly balances and receipts from hay crop.

Cancelled by Mr. Murray.
With reference to the purchase of farms mentioned above, it appears by the Fredericton records that on January 3, 1917, an application was received for \$3,000 for three farms purchased of S. Havens, Carleton county. The application was approved by Acting Minister of Agriculture, B. F. Smith. The check was forwarded to St. John on above date but returned on the 19th of January and cancelled by order of Minister of Agriculture J. A. Murray. The same applies to check for \$5,000, C. J. Bell, payee, Carleton county. Application was approved by Acting Minister B. F. Smith in January but check returned and purchase cancelled on March 5 by order of the Minister of Agriculture, J. A. Murray.

This will accentuate my suggestion on sheet No. 5 as to care and administration, and discrimination in the matter of purchases.

Yours faithfully,
THOS. V. WILLIAMS,
Special Auditor.

The Crisis!

Untold sacrifices are being made in defence of the world's liberty, assailed by the Hun, who declares he fights for "existence." Let us not forget that other crisis in which the fate of the dread Liquor Traffic, subdued just now by the necessities of war, is also fighting for existence.

Prohibition must be impregnable fortified *now* by means of proper enforcement in readiness for the struggle to come when Prohibition must be finally ratified or lost by the votes of the people in many provinces, including New Brunswick.

Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and New Brunswick have adopted Prohibition during the war. Prince Edward Island has enjoyed its benefits since 1901. The great majority of districts in Quebec are "dry." That is the situation to-day, but remember, the crisis comes after the war.

The total value of foodstuffs destroyed by the liquor traffic in 1916 was approximately \$4,244,090.22. Add to this the immense waste of transportation facilities, clogged and hindered by carrying the grain to destruction, and again conveying the product of the breweries and distilleries to make precious men less efficient in this solemn hour!

Ontario's Splendid Record

Since September 16, 1916, Ontario has enjoyed good enforcement of Prohibition in all but a few districts. Not the most daring anti-prohibitionist hopes for a return of the curse of the traffic in Ontario. Here are some figures showing results in Ontario's largest cities for the last three months of 1915 and 1916:

ARRESTS FOR DRUNKENNESS

	Under License 1915	Under Prohibition 1916
Toronto	2,908.....	953
Ottawa	286.....	234
Hamilton.....	498.....	61
London.....	367.....	144
Brantford.....	152.....	16

Note.--"It will be noted that Ottawa has not much reduction in arrests for drunkenness. It is perhaps strange that it should show any reduction in the drunkenness record, inasmuch as it is separated only by the river from the license city of Hull."--PIONEER, Toronto.

Whether your district be under the new Provincial Prohibitory Law, or under the Canada Temperance Act, help us to arouse the full force of public opinion for vigilant enforcement of province-wide Prohibition.

Dominion Temperance Alliance

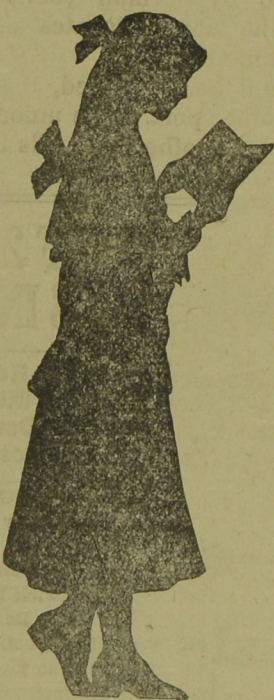
NEW BRUNSWICK BRANCH

DONALD FRASER
President
Plaster Rock, N.B.

REV. THOS. MARSHALL
Vice-President
Fredericton, N.B.

W. G. CLARK
Treasurer
Fredericton, N.B.

REV. H. C. ARCHER, Executive Secretary
Fredericton, N.B.



SIR VICTOR HORSELEY
AND HEREDITY
"That alcohol affects disastrously the minds and bodies of innocent, unborn children must be the undoubted conclusion of those who weigh the Evidence."



DON'T you realize how important it is that you use only a hygienic cleanser--particularly for your cooking utensils? Old Dutch is hygienic--pure and safe.

