

RESOLUTION OF CENSURE ADOPTED BY THE HOUSE

**The Legislature Expresses Its Opinion in No Uncertain Way—
Four Opposition Members Censured and the Suggestion
Made That They Should Resign—Extracts from the Evi-
dence Showing Wrong Doing are Cited.**

Following is the full text of the resolution on the McQueen report adopted by the Legislature at an early hour this morning, censuring Messrs. Murray, Baxter, Smith (Carleton) and Jones:

Moved by Honourable W. E. Foster, Premier.

Seconded by Honourable J. P. Byrne, Attorney General.

WHEREAS, under and by virtue of two separate Commissions directed to James McQueen, Esq., bearing date respectively the thirtieth day of August and the fifth day of September, 1918, and issued under the provisions of Chapter 12 of the Consolidated Statutes, 1903, cited as "The Investigations and Departmental Inquiries Act," directing the said Commissioner, to investigate and report upon certain matters therein fully set forth and known as the Patriotic Potato Gift, and

WHEREAS, the said Commissioner, having held said investigation, has reported the evidence taken before him and his findings thereon and the proceedings of such Commission to the Provincial Secretary-Treasurer as required by law, and the same having been laid upon the Table of the House; and

WHEREAS, the said evidence and findings reflect gravely upon certain members of this Legislature, namely, James A. Murray and George B. Jones of the County of Kings, J. B. M. Baxter of the County of St. John and B. F. Smith of the County of Carleton; and

WHEREAS, certain of these findings, being more specific than others, it is deemed advisable to quote the words of the report,

First: With regard to B. F. Smith, a member for Carleton, with reference to an entry in an account filed with the Auditor General in 1915 as follows:

"Paid by A. C. Smith & Company on account of B. F. Smith's shortage on out turn of cars in final racking \$2,447.50."

And B. F. Smith's evidence before the Commission with regard to the same as follows:

"I did not pay it back and I do not intend to pay it back."

And his further statement on oath touching his speech in the Legislature when referring to this matter in 1916 that he was "placing the matter before the House in as favorable a light as he could."

And his refusal to swear whether his intention was to intimate to the House that he had ever paid this money.

And his remarks to the counsel for the Government with regard to his speech "you notice how carefully it is worded."

And the conclusion of the Commissioner on pages 39 and 40 that in supplying the potatoes a preference was given to certain persons among whom was Hon. B. F. Smith, afterwards Minister of Public Works in the late Government, and one of the present members for the County of Carleton. This privilege never should have been granted, was shamefully abused and is one of the chief causes for the loss sustained.

And the finding of the Commissioner on page 43 of his printed report:

"That the Honourable B. F. Smith was advanced by the late Government \$2,375.70 on the purchase of potatoes which the Province never received, and the Province also paid \$71.85 as interest on his drafts in connection with this potato transaction which he should have paid. He is, therefore, indebted to the Province in these two amounts."

Second: With regard to the part played by George B. Jones, a member for the County of Kings, in this transaction, and his admission on oath that he received \$61,500 from W. B. Tennant while he was a member of the Legislature and that he carried \$33,900 of this amount to the City of Fredericton and delivered the same to Mr. Daggett, the then Secretary for Agriculture, and that he distributed the balance of the said \$61,500 as he was directed for political purposes.

And the finding of the Commissioner on page 42 as follows: "That certain statements made by the said George B. Jones under oath on the Stevens' inquiry were in direct contradiction to those made by him on this inquiry and the sworn evidence given by him on the Stevens' inquiry that he had no knowledge of what became of the \$40,000 in cash which Tennant took out of the Bank as part of the proceeds of a cheque for \$100,000 was false and untrue."

And a further statement of the Commissioner "that both George B. Jones and the Ex-Attorney General, Baxter, assisted Tennant in accomplishing this (preventing the Auditor of the Court from making a discovery of the displacement of the \$61,500 from Tennant's funds) and if Tennant's evidence is to be believed, both knew the purpose he had in view when he obtained from them such assistance."

Third: With regard to J. B. M. Baxter and his part in the transaction; his admissions that Tennant told him at the time of the Stevens' inquiry that he had put up \$61,500 before referred to and that on the 18th June, the day before the Stevens' inquiry was opened, Tennant obtained from him \$40,000 in cash which, according to the evidence of Tennant, the Ex-Attorney General knew the intention of; and the conclusion of the Commissioner on page 37 as follows:

That he is unable to "conclude that a reasonable man, as a business proposition would loan \$40,000 and \$20,000 without any security being taken, without any time limit as to its payment; without any understanding as to the payment of interest and without any demand being made for the return of \$40,000 of this loan or any part of it since the 18th day of June, 1917, to the date the evidence was given; and that the loan being made on the day previous to the sitting of the inquiry at which Tennant's books were to be examined, was simply a coincidence."

Fourth: As to the action of the Ex-Premier and Minister of Agriculture, Honourable J. A. Murray, the Commissioner states on page 37 of the printed report that when it became necessary to file with the Auditor General of the Province some financial statement of this Patriotic Potato transaction, the evidence of Mr. Daggett as well as exhibits 5, 7, 8 and 23 attached to his report enabled him to report how this was done. He then says:

"Mr. Daggett, under the instructions of the Honourable J. A. Murray, undertook to make up an account, showing what ought to have been received from the sale of these surplus potatoes. He did prepare such a statement, and delivered it to the Auditor General as showing the true state of affairs. It is in evidence as No. 5. It is a false and untruthful document intended to deceive the Auditor General and which did deceive him."

A further knowledge of the potato transaction by the Ex-Minister of Agriculture is noted by the Commissioner in connection with the account of Messrs. A. C. Smith & Company who handled the potatoes for the Government. This account with receipts and vouchers the Commissioner says were given by H. Colby Smith to Mr. Atherton, a chartered accountant, at the instance of the Honourable J. A. Murray. "This account apparently was afterwards divided by Mr. Daggett, with the assistance of the Minister, into two parts. One portion was made up and filed as the foundation of the application for the check for \$9,531.16 to A. C. Smith &

FOUR MEMBERS OF HOUSE ARE SEVERLY CENSURED

(Continued from page three.)

made by the then leader of the government and Mr. Tennant that a contract was obtained involving millions of dollars of provincial money, but by that transaction the minds of some were made easy and the deficit on the potato transaction was met. Among those taken care of was Mr. B. Frank Smith, for whom \$2,447.50 improperly taken out of the Valley Railway was used to liquidate a debt which he owed to the province. No doubt Mr. Smith would dispute the claim, but he had already admitted it. Speaking at Moncton during the Westmorland by-election, he stated that he had repaid the money to the province. During the by-election in Carleton in September, 1916, he was reported by both the Gleaner and Standard as saying that it was a proper thing to refund for shortages and that he had repaid the money to the province.

Mr. Murray, at the same meeting, commended Mr. Smith for having paid back the money. Questioned on the stand at the McQueen inquiry, Mr. Murray said he had no reason to think he had not made the statement, and what he had said was the result of Mr. Smith's statement. Mr. Smith claimed that he had been incorrectly reported, and he (the Premier) was prepared to accept his statement. If Mr. Smith did not make the statement he had placed his leader in an awkward position. At any rate the hon. member could not deny the statement made in the House as reported in the official debates. In that statement he claimed that he had lost money in handling the potatoes and that an amount equal to 5½ cents per barrel had been paid back. While on the witness stand he had the nerve to call the attention of the counsel to the careful manner in which his statement had been worded, and he added that his object was to place himself in the best light before the House. What could be thought of the position of a man now a member of the House who allowed his debt to be paid by manipulation of the Valley Railway Contract and then worded his speech so carefully as to convey the impression that he had paid the debt himself. After the money had been raised on the accommodation note it seemed the Auditor General had asked how the figures had been arrived at and it was then decided that the transaction must be bulled through. Mr. Daggett rose to the occasion and with the knowledge of Mr. Murray prepared a false account showing money received from Cuba which never was received; showing sales of potatoes which never were made and showing payments by A. C. Smith & Company not one dollar of which had ever come into his hands. He even put the statement on a letter head of A. C. Smith & Co., and handed the same to the Auditor General. That statement was published in the Auditor General's report for that year as a genuine account. No statement or figure in it was true and every man who had a part in the transaction knew that it was a false report. If official documents were wholly and knowingly false from beginning to end and if fraudulent documents were on file in public offices for the purposes of deception, where would be the value of anything official?

When a Change Came.

After the money to pay the debts with had been raised from the Valley Railway, the change of government came, and an enquiry into the affairs of the Railway was instituted. At a

Company hereinbefore referred to, as having been cashed by Mr. Daggett, and only part of the proceeds of which went to A. C. Smith & Company. This is in evidence as Exhibit 8. The other portion was made up and filed by Mr. Daggett with the Auditor General, as a representation that A. C. Smith & Company had abandoned a certain portion of their account. This is in evidence as Exhibit 7. Neither Exhibit 5 nor 7, as made, were true or correct notwithstanding that Mr. Daggett says that when he was preparing them he was in consultation with the Honourable Mr. Murray.

"That Exhibit 5, a copy of the account filed with the Auditor General by the Department of Agriculture as a true statement of the account sales and disbursements of potatoes was falsely made up, has no relation to the true conditions and was so made up and filed for the purpose of misleading and deceiving the Auditor-General and the people of the Province. That brokers commissions were charged and paid by the Province on sales of potatoes never made as appear by the record."

And on page 42:

"That the late Minister of Agriculture, Honourable J. A. Murray, was constantly consulted by his Secretary as to the manner and method in which this potato transaction was being carried on and is largely responsible for the loss incurred in connection therewith, either through neglect of duty or incapacity."

And on page 43:

"That the late Minister of Agriculture, the Hon. J. A. Murray, borrowed money from A. C. Smith & Company, contractors with his department during the time the shipping and handling of these potatoes were being carried on, and this loan is so mixed up with the public business of the Province, that I am unable to report whether the \$1,500 returned to Smith was this private loan or money which belonged to the Province."

And further on page 43 of the printed report:

"The Audit Act was wholly ignored; drafts were accepted without legal authority and payments were made without legal permission. In short the financial business of the Province was taken out of the hands of the Auditor General and placed under the control of a few individuals, so far at least as the same relates to the purchase and disposition of this patriotic gift, and to a great financial loss to the Province."

And because of certain other conclusions and findings in the report not quoted above,

THEREFORE RESOLVED, that in view of the evidence and findings of the said Commissioner it is the opinion of this House, that the conduct of the said members, being highly reprehensible and calculated to lower the character of the public life of the Province, as well as being derogatory to the dignity of the Legislature, merits and receives the censure of this House.

FURTHER RESOLVED, that in the opinion of this House and in the interest of public life in this Province, the members named above should resign their seats in this Legislature.

session on June 5th, 1917, Thomas Cozzolino declared that \$100,000 had been paid to W. B. Tennant by the Nova Scotia Construction in connection with a contract. It was then announced that the enquiry would be adjourned until June 19 and that Mr. Tennant would be subpoenaed to attend. On June 18 Mr. Tennant prepared himself to give evidence the next day. He declared that he would not go on the stand and testify that the money was still in his business unless he had it there. That being so, there was nothing for the gentlemen who wanted it to appear that the money was in his business but to see that it got there. Mr. George B. Jones put up \$20,000, and Mr. Baxter advanced \$40,000, on an order of Mr. Tennant to his executors to turn over some stocks to Mr. Baxter in the event of his (Tennant's) death. The next day, having fortified himself with the money received from Mr. Jones and Mr. Baxter, Mr. Tennant went on the stand and swore that the \$100,000 he had received in "advance profits" was in his business.

Mr. Jones' Case.

Mr. Geo. B. Jones at the McQueen enquiry swore that he got \$61,500 from Mr. Tennant and had distributed it in the manner already indicated. Mr. Jones also testified at the Stevens enquiry. During that occasion he admitted that during the election campaign of 1917 he obtained a package of \$20,000 from Mr. Tennant and of turning it over to Mr. Bell for election purposes. Asked if he had received any other money from Mr. Tennant, he positively swore that he had not. Both statements could not be true, and both statements were made under oath. Mr. Jones admitted that he had received \$61,500 from Tennant in 1916 and \$20,000 from the same source in 1917. It was impossible to suppose that he could have forgotten the transaction as he had assisted Tennant in preparing the stage to cover up the transaction. Under the circumstances who could say from the finding of Commissioner McQueen that the statement was a deliberate perjury, was not well founded?

Then there was the finding of the commissioner concerning the hon. member for St. John county. Mr. Baxter was a sharp business man and it seemed inconceivable that on June 18, 1917, he did not know that W. B. Tennant was called to give evidence on the following day. It was inconceivable that Mr. Baxter had not been amazed over the fact that W. B. Tennant had succeeded in getting \$100,000 out of the Valley Railway contract and was being called to the witness stand to tell the story of that money. Mr. Tennant had gone to Mr. Baxter and asked for \$40,000 for a few days, and Mr. Baxter had raised the money and handed it over without any security. Mr. Tennant admitted that the money received from Baxter and Jones was for the express purpose of enabling him to mislead the commissioner. Mr. Tennant said he may have told both gentlemen the purpose for which he wanted the money. He was certain that he told one of them. The commissioner found that Mr. Baxter knew the purpose for which the money was required, and had assisted in misleading the court.

Four Members Guilty.

A royal commissioner appointed to hold an enquiry under an Act of Assembly had pronounced four members of the House guilty. Mr. Murray had been found to have mismanaged his department in such a way that there

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was a loss of \$32,000. He refused to tell the people about it, and was a party to making a false account to deceive the Auditor General and of having that account published in the records of the province. He had also stood up in the House to answer questions lawfully put to him and he had brought down answers which misled the people. He allowed the business of his department to be carried on in utter disregard of the law, and paid no attention to the provisions of the Audit Act. He permitted thousands of dollars worth of graft to be accepted without the knowledge of the Auditor General. While the large contract was underway between the Department and A. C. Smith & Co., he, as Minister of Agriculture, was a party to obtaining \$1,500 from H. Colby Smith, a member of the firm. He had previously raised \$5,000 on accommodation paper and turned it over to Mr. Smith and some time afterwards Mr. Smith made the loan to Mr. Murray. The obtaining of that \$1,500 under the circumstances was not the right kind of a transaction which should be permitted between a contractor and the minister of the Crown, and one which he believed was especially prohibited by the Criminal Code.

Mr. Baxter's Case.

In the case of Mr. Baxter he had been found guilty of assisting to fabricate evidence for the purpose of misleading the court. That was an indictable offence under section 177 of the Criminal Code.

Mr. B. F. Smith was found to owe the province \$2,447.55, which he had refused to pay. He deliberately attempted to mislead the House into the belief that he had paid it. When Mr. Daggett illegally gave Smith the whole credit of the province, he shipped him thousands of barrels of potatoes more than the government required and the whole loss sustained was directly traceable to his greed.

Lastly, they had George B. Jones, of Kings. He had been found guilty of swearing direct yopposite at two different investigations. He was the gentleman who got the \$61,500 graft money from W. B. Tennant and distributed it. In his evidence before Commissioner Stevens, after having paid \$20,000 to Tennant to help cover up the transaction, he went on the stand and swore that he never got the money from Tennant.

A Grave Responsibility.

The House was confronted with a very grave responsibility. They had four gentlemen who after a thorough investigation have been found guilty of the things which he had described and the evidence on which the findings were based seemed clear. The gentlemen accused could not deny its truth because almost the whole of it was extracted from themselves on the witness stand.

After disclosures such as they had had, the most graceful thing which those gentlemen could have done would have been to retire from the Assembly, and ask the public to forget and forgive the wrongs they had done. That was what the public expected them to do. Some people had thought and had so expressed themselves that if the members did not feel bound to accede to the demands of a portion of the public that they retire from the House in the interests of public life, that their seats should be declared vacant. He was advised that such a course had been followed

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SOME EXTRACTS FROM REPORT OF COMMISSIONER McQUEEN

No tenders were called for, but names of certain persons were selected, and these given a preference over all others. The names disclosed are the persons referred to.

Within this circle still another preference was extended, this time to the Hon. B. F. Smith, afterward Minister of Public Works in the late Government, and one of the present Members for the County of Carleton; this privilege never should have been granted, was shamefully abused, and is one of the chief causes for the loss sustained.

The balance of these potatoes were not accounted for, and outside of the culls, which were traced to some extent, appear to be a total loss to the Province. A large number of these were sold by Mr. Daggett to parties in St. John and were never credited to the Province. These he should be made to account for

The returns for the potatoes so sold (amounting to \$8,499.46) never passed through the books of any of the Departments of the Province. This amount was swallowed up in the expenditures and an attempt made to induce the public to believe that at least \$32,861.39 had been received by the Province on account of such sales.

The arrangement made with Tennant by which this money was to be taken out of the Province as disclosed, is one which the late Government never should have consented or agreed to and is censurable from every standpoint, as it was obtained by Tennant under an illegal agreement and paid by him for an illegal and improper purpose, and should be returned to the Province.

Certain statements made by Geo. B. Jones under oath on the Stevens' inquiry were in direct contradiction to those made by him on this inquiry and the sworn evidence given by him on the Stevens' inquiry that he had no knowledge of what became of the \$40,000 in cash which Tennant took out of the bank as part of the proceeds of a cheque for \$100,000, was false and untrue.

The Hon. B. F. Smith was advanced by the late Government \$2,375.70 on the purchase of potatoes which the Province never received.

The late Minister of Agriculture, the Hon. J. A. Murray, borrowed money from A. C. Smith & Co., contractors with his Department during the time the shipping and handling of these potatoes were being carried on, and this loan is so mixed up with the public business of the Province that I am unable to report whether the \$1,500 returned to Smith was this private loan or money which belonged to the Province.