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The Daily Mail.

THE WEATHER.
Maritime — Moderate north-
westerly winds, fine and warm
today and Saturday.

VOL. XX NO. 138

FREDERICTON, N. B., FRIDAY, JULY 24 1914

TWO CENTS PER COPY

Payments to Mr. A. R. Gould Totalled up Tidy Sum

His Office Rent in Presque Isle, Automobile Repairs Services of Chauffeur Etc., all Charged up as Part of the Cost of the Valley Railway--Matters of Great Public Interest Revealed by a Scrutiny of Accountant Hoben's Books--Some Mysterious Entries

St. John, July 24—Valley Railway financing proved too much for those engaged in the Dugal inquiry yesterday afternoon. Counsel on both sides, the commissioners and the witness strove earnestly to disentangle the skein but with little progress for the greater part of the session.

A system of bookkeeping which seemed designed to conceal as much as it revealed, combined with the tangle of affairs between the railway company and the construction company, did not make the task an easy one.

The session was devoted to tracing and locating payments, on account of interest, made by the construction company. There was considerable difficulty in making the payments by the construction company agree with the actual payments by interest as shown by the previous statements of B. Hal Brown.

One of the most puzzling entries was a charge of \$15,000 for interest which was shown as part of the cost of construction. The only voucher for this was an order-in-council freeing a surety company of their responsibility for \$45,000 of a \$60,000 guarantee of interest on bonds. The connection was not shown.

An hour or two was spent in the effort to learn why a simple change in a guarantee bond should be any justification for charging the road with \$45,000 as if that amount had actually been spent for or on account of construction. There was no evidence of any money being paid out but this was another of those cases when the payment is supposed to be made by the New York office of the railway company and the amount appears in the books of the construction company.

Further payments of interest indicated that the interest on the loans totalling about \$445,000 negotiated with the Prudential Trust Company of Montreal by Messrs. Gould, Lismann Macdonell and Thompson, was paid by the construction company and charged to the cost of the road. That the money borrowed was used for construction purposes has not yet been shown.

The deeper the counsel and commissioners dug into the accounts the more difficult it seemed to be to order out of the chaos. At every turn they were met with the obstacle that transactions which they wished to trace had been handled through the New York office and the explanations, if there are any, would be found only there.

The net result of the afternoon's proceedings, to the eye and ear of the observer on the outside at least, was to demonstrate conclusively that the commissioners will not get the information that is wanted until the books of the railway company, which have been kept in New York, are produced for examination in court.

WEDNESDAY MORNING.

When the inquiry resumed this morning F. B. Carvell asked P. A. Guthrie, counsel for the company, if the books of the railway company had arrived from New York. Mr. Guthrie replied that Mr. Gould was expected to arrive today and that he should be able to tell about the books.

"MOST THOROUGH POSSIBLE."

Ralph D. Hoben, accountant for the construction company, again took the stand. Mr. Carvell asked him to turn to the ledger account of A. R. Gould. The witness did so, and read various charges such as \$10 and \$30 for cages of Mr. Gould's chauffeur, \$62.63 and \$10.89 for garage expenses.

The next item read was for a payment of \$10,000 to Mr. Gould on December 15, 1912. Reference to the journal showed the entry as A. R. Gould charged with \$10,000 and the St. John and Quebec Railway Company credited with that amount, with a memo remitted from the New York office from proceeds of last progress estimate. The witness said this was a charge to Mr. Gould.

Mr. Gould objected to the method of examining the books and asked the court for a ruling on how they

wanted the inquiry carried on.

"In the most thorough manner," replied the chairman.

On January 31, 1913, Mr. Gould was again charged with \$30,000, the journal explanation being that this was to cover advances made by Mr. Gould to cover freight on rails shipped to Fredericton.

On February 15, 1913, \$5,000 was charged to Mr. Gould's account. The voucher explained this as a refund on \$15,000 advanced by Mr. Gould, balance having been paid through the New York office.

To Mr. Carvell the witness said that there were no vouchers for the previous amounts.

On July 25, 1913, \$10,000 was paid to Mr. Gould described as "proceeds of loan on securities, property of Mr. Gould, deposited with Royal Bank at Fredericton." The witness explained that the securities were Maine & N.B. Power Company, Limited, stock and were given in connection with an overdraft of \$15,000 of which Mr. Gould got \$10,000 and the company \$5,000. As it was an overdraft on the company's account there was no journal entry showing where the money came in. The amount has not been repaid to the bank yet. At the time of this payment to Mr. Gould the overdraft had been only \$5,000.

Q.—Does that \$10,000 appear as a part of the cost of the road?
A.—No, that is charged to his account.

Q.—But is not that the net result?
A.—There is another charge to offset it. We needed an overdraft to take care of some payments and Mr. Gould and Mr. Thompson arranged the overdraft of \$15,000 at the bank. Mr. Gould deposited 225 shares of his Power Company stock as security. Mr. Gould took \$10,000 of this and the balance went into the cost of the road.

Q.—When did the \$10,000 go into the cost of the road?
A.—On July 31, 1913. I credited Mr. Gould's account with \$10,000 on account of salary.

The Chairman—In other words, he drew his salary in advance?
A.—No, this was for the two previous years, from July, 1911.

On August 1, 1913, \$2,000 was charged to Mr. Gould, which the voucher explained as a draft on A. R. Gould.
Q.—But the money is charged to Mr. Gould?
A.—The check was made to meet the draft.

Q.—Can you explain it?
A.—We needed \$2,000 so we drew on Mr. Gould, the bank discounted it and we got the money. The draft went to Presque Isle but was returned and as we had the funds I issued a check to meet it.

On August 1, 1913, \$32.30 was charged to Mr. Gould. The voucher explained this as payment to C. Fred Chestnut on Mr. Gould's instructions. On March 1, 1914, \$7 was charged for hotel expenses. Other small charges were shown.

Mr. Carvell—Now we will take the other side of the account. How are these amounts cared for?
On the credit side was shown an entry of \$5,000, which the witness explained was money received from Mr. Gould.

Mr. Carvell—Is that the entry marked "charge up quick"?
The witness could not distinguish this pencil memo but thought it was made by the auditor.

Q.—Were you ever shown any record of any official action to authorize the payment of salary to Mr. Gould?
A.—Not that I know of. I only had my instruction from Mr. Thompson.

The next entry was for \$10,000. The witness could not say if this was paid by cash or check. On January 4, 1914, Mr. Gould was credited with \$30,000 by draft on the Prudential Trust Company. The witness explained that it was from the Trust Company that Mr. Gould borrowed this amount to pay the freight charges on rails and it was repaid from proceeds of progress of estimates.

Q.—Have you the invoices for the rails?
A.—Yes, but not here. I have the vouchers for the freight charges.

Q.—Do you know if the rails were purchased with freight payable at Sydney or Woodstock?
A.—F.O.B. at Fredericton and at Woodstock.

Q.—The steel company was to pay the freight to these points?
A.—Yes. We paid it and deducted it from their account.

Q.—What was the cost of the rails?
A.—\$34.25 f.o.b. at Woodstock and \$30.35 at Fredericton.

On August 5 Mr. Gould's account was credited with \$1,998, proceeds of the single draft. Five items, \$2,000, \$1,500, \$3,000, \$2,000 and \$1,500, total \$10,000, were credited as salary against the debit item of the same amount.

The witness said that on March 1, 1914, the account showed a balance of \$157.80 against Mr. Gould. On November 21, 1913, \$416.67 was paid to Mr. Gould his salary for October and the charge distributed against the various districts.

Q.—What authority did you have for paying a salary to Mr. Gould?
A.—Sometimes Mr. Thompson told me to issue the check and sometimes Mr. Gould asked for it.

Q.—What position did he occupy?
A.—I understood he is president of the St. John and Quebec Railway Company.

Q.—But this is the construction company's money you are handling.
No answer.

On September 19, 1913, \$1,250 was paid to Mr. Gould as salary for July, August and September.

On April 27, 1914, Mr. Gould received \$2,500 as salary for the six months previous.

This made a total for salary of \$24,166.67, starting from July 1, 1911.

Q.—Have you any record of the amount of money paid to Mr. Gould for expenses?
A.—No, the only way to get it would be to go through all the vouchers.

Judge Wells—Would it all amount to anything?
A.—No, your honor, not more than \$400, I should think.

Mr. Carvell—But you paid his office rent?
A.—That is not included. I just meant personal expenses at Fredericton.

Q.—How about expenses at Presque Isle?
A.—We paid \$50 each month for the rent, light, heat and stenographer?

Q.—When did that start?
A.—July 1, 1911, about \$1,800 up to this time.

Q.—Anything else paid to Mr. Gould?
A.—Nothing that I can recall.

Mr. Carvell—Then payments to Mr. Gould total \$16,366.67?
A.—Yes.

Q.—Does that include \$2,000 paid to Mr. Gould which went to Mr. Winslow?
A.—No.

Q.—Or the \$1,000 paid to him for advertising?
A.—No.

Q.—Then we have a total of \$19,366.67 paid to Mr. Gould and charged to the construction of the road?
Q.—Where is The Gleaner stock?

A.—I don't know.

Q.—Can you remember in whose name the certificate was issued?
A.—I cannot swear to it.

Q.—When did you see the certificate last?
A.—About two or three weeks ago.

Q.—Was it you who removed it from the voucher?
A.—No, Mr. Howard I think.

Q.—By whose instructions?
A.—I don't know.

Q.—Did you see him do it?
A.—Yes.

Q.—Where was it then?
A.—Attached to the voucher.

Mr. Carvell—On again, off again. I wonder if that was removed just before I and my associates saw the books?
A.—Yes sir.

(Continued on page five.)

STOCK MARKET VERY WEAK

C. P. R. Takes a Slump on Berlin and London Selling

Other Issues are Also Off a Little— Foreign Selling Much Less Than Had Been Expected

New York, July 24—The market opened here, showing losses not quite up to those suffered in London, despite Austrians' ultimatum to Serbia and the German announcement of the intentions to observe its treaty obligations should another interfere.

Foreign selling is giving the bears plenty of rope and the combined pressure seems to be causing some scattered liquidation here.

There was selling of C.P.R. by London and Berlin, together with some Steel and C. & O. Foreign selling, however, was much less than had been expected and little real liquidation appeared to be brought out.

(Quotations by J. M. Robinson & Son, Bankers and Brokers, St. John, N.B.)

	Open	Noon
Copper, ex-div.	67 1/2	67
Smelters	65 1/2	65 1/2
Tobacco	230	228
C.P.R.	183 1/2	182 1/2
Great Northern	121	120 1/2
Lehigh	133	133
Northern Pacific	108	106 1/2
Pennsylvania	109 1/2	109 1/2
Reading	161 1/2	161 1/2
Union Pacific	126	126 1/2
U.S. Steel	60 1/2	60 1/2

Sales to 11 o'clock, 117,000.

MONTREAL MARKET.

N.S. Steel	50 1/2
Ottawa Power	139
Laurentide	177
C.P.R.	182 1/2
Brazilian	71
Cement	91
Shawinigan	131
Toronto Street	122 1/2

CHARGED WITH THEFT OF MONEY ORDERS

(Special to The Mail.)

Woodstock, N.B., July 24—George W. Simpson, the man arrested yesterday, was brought before Police Magistrate Holyoke this morning and charged with presenting a forged express order of \$50, for payment at the Dominion Express Company's office and receiving the money therefrom. The order was dated at Truro. He denied that his name was Simpson. The charge was read to him and he was remanded until Monday at 2 o'clock.

Some time ago thirty orders were stolen from the office of the company at Mulgrave and it is thought that the order presented here is one of the lot. This will be determined when Supt. Branscombe arrives here Monday. It has been stated that all the orders have been cashed, the one presented here being the last. If cashed at the limit, \$50, it would aggregate \$15,000. From the description of the prisoner the officers of the company think he is the man wanted for the Mulgrave theft. He appeared in court this morning in a new suit of clothes and presents a rather good appearance, but was plainly very nervous.

THE ONE BRIGHT SPOT.

W. E. Hopper, managing editor in Montreal of the MacLean trade journals, who is now in St. John, gives added testimony to the relative prosperity of the maritime provinces compared with the rest of Canada during the last year. Mr. Hopper says that in his conversation with manufacturers and wholesalers in Montreal he frequently heard it said that the provinces were the one bright spot in the country so far as general business was concerned.

THE WORST RIOT IN HISTORY OF ST. JOHN

Market Square the Scene of Wild Disorder Arising Out of the Street Railway Strike--Mounted Dragoons Charge the Crowd--Detective Lucas Shot a Man in the Leg--Little Attempt Made by Authorities to Quell the Disturbance-- Militia Called Out

St. John, July 24—For several hours last night, from eight o'clock until eleven, a riotous mob held possession of Market Square and much of King Street, overturning and attempting to burn two street cars, and with the exception of a cavalry charge through and through the mob by seven of the Royal Canadian Dragoons, virtually no attempt was made by the authorities to suppress the shameful disorder.

Lieut. Stratham, who, with six mounted men, attempted to disperse the mob, after Mayor Frink had read the riot act and a request for the militia had been signed by Judge Forbes, was badly cut about the head by stones from the rioters and was removed to the hospital.

Detective Lucas of the city police force, who was attacked by the mob, which tried to force him through one of the windows of W. H. Thorne & Company's Market Square front, was badly injured after being set upon by the crowd. He drew his revolver and fired three times into the air as a warning and then fired two shots low one of which took effect in the leg of a bystander.

At one o'clock this morning rioters who stoned the company's car-sheds in Wentworth street and threatened to burn it, were repulsed with rifles by those inside, who fired over their heads and are finally said to have used one charge of buckshot.

At two o'clock this morning Mayor Frink brought Lt.-Col. McAvity of the 62nd Fusiliers to the city from his country home in a motor-car and the regiment began to assemble at the Armory for strike duty. Today and tonight, it was announced, disorder would be prevented by armed infantry.

For fifty years there has been no such disgraceful rioting in St. John, and it seemed inconceivable to hundreds of respectable citizens who witnessed the shameful proceedings of last evening, that a mob of the character seen should be allowed to take possession of the business section of the city, menace life, destroy property and hold a carnival of lawlessness without some stern and well-calculated attempt on the part of the city authorities to establish order and protect property.

For more than two hours there was no show of authority in Market Square and the four or five policemen were lost in the crowd and absolutely helpless, while thousands of persons looked on, including automobile parties and hundreds of women and children. The mob surged about the two street-cars in which every window had been broken and struggled to overturn them in order to complete the wreckage.

There was absolutely no interference and those who were actively engaged in the work of destruction were cheered by hundreds more of the worst element of the city, who urged them to greater endeavors and cried "Hang the Scabs," "Get a Rope," and similar indecent encouragement.

Finally a rope was secured and scores of men, who had sought in vain to overturn the cars with their hands by rocking them from side to side, succeeded in hauling them over one after the other, after which repeated attempts were made to fire the wreckage.

While a dense crowd filled Market Square and the sidewalks of King Street and Prince William Street, there suddenly came the clatter of mounted men and down King Street there spurred Lieut. Stetham and six or seven men who, with him, had been giving instructions in riding and cavalry tactics and carrying on a sort of cavalry school here in connection with the work of the militia department.

Although the riot act had been read by Mayor Frink an hour before, and although at one time the crowd had at first partially dispersed, it was now more numerous than ever, and

the worst element was fully in control. Women and children and a great many respectable citizens occupied the sidewalks and a part of the streets. The arrival of the cavalry, a small body of men whom it was exceedingly dangerous to send into such a mob in such a temper, was a complete surprise to everybody. Many of the innocent and thoughtless people did not understand the incident at all and could not collect their thoughts sufficiently to go home in safety. Many of them had reached the scene long after the mayor's proclamation.

The body of mounted men was so small that as they charged across the square the mob kept closing in behind, and as the horsemen rode through striking right and left with the flats of their sabres, cries of exasperation came from all sides, accompanied by stones, bottles and other missiles. Round and through and through the crowd the cavalrymen rode, their horses rearing and their sabres rising and falling.

At length at the Bank of Montreal corner, where respectable folk and hoodlums were packed closely together, someone threw a stone at one of the mounted men who had been yelling warnings for the crowd to disperse and go home, and as the stone struck him on the shoulder, he wheeled his horse and rode right straight into the crowd on the sidewalk, striking several persons and causing a frightened stampede. As he rode back into the street a burly man seized his horse by the bridle and was only shaken off when the mount reared. The man cursed and leaped on one side as the horse went on.

The cavalry charged up the foot of Chipman Hill and around and around Market Square fountain, partially clearing the square and the foot of King street, the mob yelling fiercely and hundreds of excited and curious women and children packing the sidewalks and crying out that the horsemen would not trouble them if they remained off the street and the square.

This was an hour of intense danger, owing not only to the temper of the crowd, a large part of which was still pulling at the stalled cars in order to complete the wrecking of them, but also owing to the fact that there was no force of police or militia on hand sufficient to send the respectable people home peaceably and to disperse the other with vigor. To send seven cavalrymen into a situation such as hundreds of reliable witnesses can testify existed in Market Square last night was to court disaster, for so small a body of men could not possibly handle a crowd of that size, and there was danger not only that innocent people might be killed or badly injured, but that such a handful of troops might be pulled off their horses by the rioters.

The destruction of property will be found to be very extensive. The street railway company is a heavy loser through wanton destruction; some of W. H. Thorne & Co.'s windows are broken and some fronts were also broken in King street and Market Square.

Everywhere respectable people in the crowd were asking where were the chief of police, the police force, the commissioner of public safety, the militia, and all those in charge of the preservation of property in such circumstances. The respectable folk who were abroad and who foolishly remained in or near the square after the riot act had been read, seemed only occasionally to realize the danger in which they stood, but all joined in denouncing the proceedings as disgraceful in the extreme.

The parade of the strike breakers, undoubtedly had much to do with precipitating the riot, but it is well to say that the strikers themselves had little or no part in the acts of

(Continued on page five.)