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GERMANY AND RUSSIA ARE AT WAR

President Gould on the Rack Before Royal Commission

Says He Wrote to New York for the Company's Books But Took no Other Steps to get Them--Opposition of Flemming's Counsel to the Production of the Books Has Created a Bad Impression--Gould's Memory at Fault on Many Important Matters

(Special to The Mail.)

St. John, July 31.—On the opening of the royal commission this morning, Mr. Carvell called Mr. Gould, but counsel opposing argued he should finish examination of Thompson first but the commission decided that Gould be heard. He was in the city but not in court and had to be sent for. On being sworn Gould swore he only wrote once for the books now in New York and took no other steps.

Mr. Carvell then asked the commission to direct Mr. Gould to have the books here at a stated period.

Messrs. Teed and Fowler argued that the books were not necessary to the inquiry and therefore need not be produced.

Judge McKeown asked Mr. Teed if he intended producing the books.

Mr. Teed replied that he is not sufficiently in touch with the books to advise non-production or production.

Mr. Gould admits that the books are in the hands of a good man who is a bookkeeper of his company and it was to him he wrote to forward the books.

The determined opposition to the production of the railway books, now in New York, has created a strong impression that there is certainly something radically crooked and their production will, without doubt, bear out this point. Go immediate steps were taken on Mr. Carvell's application as the chairman asked him to go on with Gould in the hope that the books might reach here before adjournment.

Mr. Carvell then lead the witness into details of different transfers of stock and at every turn was met with strong opposition from the opposing counsel.

"I do not know anything about ten per cent. being added to the cost of construction," said Mr. Gould, when Carvell tried to get the reasons for the new agreement after the passage of new assistance to the railway. Mr. Gould thought he should not be required to answer and was not forced to do so when Carvell wanted to know from Gould if the Construction Company became responsible for a loan from the Trust Company to the Railway Company.

Teed, Fowler and Guthrie raised strong objections and consumed considerable time in argument.

Mr. Carvell wanted to know the reasons for all these objections.

"What are you afraid of? These questions were allowed to other witnesses and I could not get all the information I wanted. Now that I have the one man who can enlighten us, every question is objected to," said Carvell.

Gould, like other witnesses, displayed a poor memory on some very important points. For instance, he knew nothing of the payment of the balance of the loan to the Trust Company. He knew of a progress estimate in June, but could not tell the amount.

St. John, July 31.—What happened to the \$350,000 borrowed from the Prudential Trust Company, Montreal?

This is a problem which Mr. Carvell, chief counsel for Mr. Dugal in the Valley Railway inquiry, sought to solve yesterday. His efforts met with no encouragement from the defence.

Mr. Carvell showed by means of the records that the money was borrowed by Messrs. Gould, Thompson, Lisman and Macdonell, but that the Quebec & St. John Construction Company assumed the liability and paid off \$207,000 of the debt from the proceeds of the guaranteed bonds. This, he contended, brought the use of the \$350,000 within the scope of the inquiry.

The books of the railway company, though called for weeks ago, are not yet available. The Gould interests, keep promising to produce them but do not produce. Mr. Gould was to appear last Tuesday as a witness. If

he does not appear today it will be thought that he is attempting to "get by" altogether. He cannot.

In the course of his examination of Ross Thompson, managing director of the Construction Company, who was on the witness stand all day, Mr. Carvell brought several payments to light for which there was no adequate explanation but his efforts were farther blocked by the frenzied eloquence of opposing counsel.

When the court adjourned the commission had not decided the right to follow the proceeds of this loan, particularly through Mr. Thompson's personal accounts, this being the feature on which the defence based their chief arguments. Counsel for Mr. Dugal contend that as this \$350,000 came from the bonds its distribution is a proper matter for complete inquiry.

The loan from the Trust Company was arranged on May 23, 1912, although an advance payment of \$75,000 had been negotiated on the prospect of completing the arrangement.

On May 23, six days later, Mr. Thompson paid to A. R. Gould, from his private account, the sum of \$10,000. Asked for an explanation of this the witness could only say that Mr. Gould got it and that it was not for construction purposes. The date mentioned will recall that this payment was made prior to the general provincial election of 1912.

It was from the same account that \$15,000 was paid to the Construction Company on June 8 for construction purposes, according to the evidence, and the witness said that he presumed the money came from the Railway Company. Both checks were found with the other official records of the company.

Another payment of \$10,000 to A. R. Gould was made from the special account on February 24, 1913. This was repaid in two \$5,000 amounts in May and no explanation of the transaction was furnished.

The morning session was largely devoted to the checking up, with the aid of Mr. Thompson, evidence given by previous witnesses and supplementing it with the additional information he was able to offer.

One of the most interesting features of the morning evidence was the history of the stock transactions in the first part of the Railway Company's history. The first issue was traced, in some cases through several transfers, to its present holders and Mr. Thompson told who paid and who did not pay for their stock.

Mr. Thompson said that he paid \$5,000 for fifty shares of the Railway Company's stock but that he got it with 2,000 shares of the Construction Company's stock.

At the afternoon session, while Mr. Carvell was asking questions about a certain \$10,000 check representing a payment in 1913, Mr. Guthrie asked across counsel's table:

"Do you think it went to pay off election debts?"

"No," said Mr. Carvell, "they were all paid after the 1912 election and there was so much left out of the fund that they invested it in land in the west."

"Who told you?" asked Mr. Guthrie.

"The government," replied Mr. Carvell.

"Well," said Mr. Guthrie, with some heat, "whose business is it if Mr. Flemming did invest in western land?"

There was some laughter at the introduction of Mr. Flemming's name and the incident was closed.

SALE OF BONDS.

Mr. Carvell, to witness—When did your company commence negotiations with the Prudential Trust Company?

A.—In the spring of 1912, between February and June.

Q.—Did you have applications from any other Trust Company or bank?

A.—I think the Royal Trust Company approached us.

Q.—Do you know what the bonds actually sold for in London?

A.—I think 96½.

Q.—Mr. Brown gave evidence that they received 95½.

A.—That would be right then; there was no commission to be deducted from what they received.

Q.—There is evidence that you and your associates borrowed about \$350,000 from the Prudential Trust Company; had you ever borrowed money from them before?

A.—I think an advance of \$75,000 was made in April, 1912, pending the arrangement of the loan?

Q.—Where did that go?

A.—Into construction.

Q.—Was there any loan previous to that?

A.—No.

Q.—The account shows as the first entry \$75,000 on May 23, 1912; is that as far back as you can go?

A.—I have no recollection of anything else.

AFTERNOON SESSION.

When the court resumed in the afternoon, with Ross Thompson again on the stand, Mr. Carvell asked the witness if he had the agreement between the Railway Company, the Prudential Trust Company, the Bank of Montreal and the government for the sale of bonds, mentioned in the minutes of the company.

Witness said he did not have it, did not know who did, but thought Mr. Wass, the secretary, might. The same reply was given regarding a subsequent agreement appointing the Bank of Montreal registrar instead of the Prudential Trust Company.

Witness thought the Prudential Trust Company received \$750 a year for their services as trustees over and above what they are able to make on the money deposited with them.

Regarding a payment of \$105,000 by the Trust Company the witness said this was part of the deposit of \$1,500 a mile placed in the hands of the government to guarantee the interest on the bonds during the period of construction. If, after three consecutive years, the forty per cent. of the earnings of the road, which will be paid to the government, have been sufficient to meet the interest charges the deposit will be returned and will become the property of the Railway Company.

Q.—There is evidence that, for a time, the funds were kept in your name; is that right?

A.—Yes.

Q.—Do you remember paying from this fund, on May 29, 1912, \$10,000 to A. R. Gould?

A.—I don't remember.

Q.—I can tell you that you did, for I have seen the cancelled cheque; will you produce it?

Mr. Carvell—Is there a voucher?

Mr. Carvell—No, nothing but the check; and while you are at it you might get another for \$15,000 on June 8, 1912.

Both were produced and the witness identified the first.

Q.—What was the transaction?

A.—I don't remember, but more than likely you will find a credit entry later showing that Mr. Gould paid it back.

Q.—Would it be in the cash book?

A.—No, I think it would be in the bank book.

Q.—In the ledger?

A.—No, it would not be there.

The bank book was produced and the witness searched through it.

"There is a credit on June 15, would that cover it?" he asked.

Mr. Carvell—No.

Mr. Fowler—Why not?

Mr. Carvell—It is another transaction entirely.

Witness—Mr. Gould got the money; there is no evidence to connect it with the Railway Company; it is not even marked "special account."

(Continued on page four.)

Official Announcement of War is Made by Germany

All Great European Powers Likely to Become Involved in the Sanginary Struggle--Britain's Navy the Greatest the World Has Ever Seen is Ready--Blue Jackets Cheered as they Depart from Portsmouth--Noteholders Make a Run on Bank of England--All Stock Exchanges Closed

Berlin, July 31.—Emperor of Germany today Declared a state of War. Following official announcement was Issued:--In conformity with paragraph 68 of the Constitution of the German Empire, Bavaria excluded, the German Empire has decreed a state of War. A Similar decree for Bavaria will be issued.

New York, July 31st:--Flash--Germany Has declared War on Russia

London, July 31st:--A Run on the Bank of England has been started by note holders

London, July 31.—Early this morning came news that the German cabinet, presided over by the Emperor, sat at Potsdam until midnight, and that a censorship over the telegraph lines is being imposed, a Berlin. This is interpreted here as implying preparation for German mobilization, and a few hours probably will decide whether Europe is to be involved in universal warfare.

It is fully expected both at London and Berlin that the Russian foreign minister, Sergius Sazonov, will reply to Germany's demand for an explanation to the effect that Russian mobilization has already been ordered, and cannot be cancelled.

In the event of Germany mobilizing it is expected that Premier Asquith will immediately ask Parliament to sanction a large vote of credit as a necessary precaution.

London, July 30.—With the exception of official reports from Vienna, given in the briefest form, and thus far dealing with the bombardment of Belgrade and the capture of several Serbian vessels on the Danube, little reliable news has been received in London concerning the course of hostilities.

Numerous reports are current that battles are in progress at various points, including one from Milan that a heavy engagement is raging south of Belgrade tonight, but according to Serbian official accounts all attempts on the part of the Austrians to cross the river have been repulsed, and the reports of the occupation of Belgrade are considered premature.

While the news of the actual developments in the Austro-Serbian war is unsatisfactory, the general situation is one of growing menace. There is a vague report that Austria and Russia are still engaged in diplomatic negotiations through the medium of Berlin, diplomatic intercourse between these two countries having been suspended, but slender hopes are entertained of success in this direction.

Germany has addressed a note to Russian mobilization, and in the absence of a satisfactory reply it is feared that Germany may take steps to mobilize also.

BELGRADE OCCUPIED.

London, July 31.—An Athens despatch to the Daily Telegraph says it is reported in Corfu that the Russian warship Tereto, in port there has received news by wireless that Belgrade was occupied by the Austrians after heavy fighting, and that 200 Austrians and 100 Serbians were killed.

London, July 30.—The war office tonight sent a request to all newspapers to refrain from publishing news of British military and naval movements.

DECLARATION TODAY.

London, July 30.—A despatch from St. Petersburg to Reuters Telegram Company says it is believed in St. Petersburg that Austria will declare war against Russia tomorrow. The despatch adds that if this should be the case, it is understood that Emperor Nicholas will go to Moscow to deliver a pronouncement in the Ushensky Cathedral.

Chicago, July 30.—The Daily News publishes the following despatch from

Berlin "It is reported here that Russians have blown up the railway bridge at Wirballen, on the frontier between Germany and Russia."

BRITAIN READY

London, July 30.—The British navy is prepared for war at a moment's notice, and the British arms are quietly and swiftly preparing. The war office throws cold water on the word "mobilization," and has issued another carefully framed official notice to the newspapers that only "usual precautions" are being taken.

Nevertheless, every step necessary, to place the land forces on a war footing, except the summoning of the territorialists to arms, has been taken. All the territorial officers received orders today to be prepared for a call to duty.

A large section of the engineers' staff of the territorialists has been ordered on duty. It consists of electricians, mine layers, bridge builders and searchlight and lighthouse experts. Some of these forces are being sent to Ireland to replace the engineers of the regular army, all of whom have been withdrawn from the place for duty in connection with the land defences, particularly on the eastern coast. Every officer and private of the regular army and some on leave have been recalled. The only reason for absence accepted is serious illness. All the police on leave have likewise returned to duty. Some of them to replace the soldiers guarding the military stores and stations, who are needed elsewhere.

The forces at Aldershot have been reinforced by numerous detachments from other points, and a battalion of the Duke of Cornwall's Regiment, which was about to embark for Hong Kong, has been detained.

The searchlight stations on the eastern coast, whose office is to guard against a surprise invasion, and which usually are manned by skeleton staffs, are now fully manned largely by territorialists. Coastwise steamers report the lights all along the coast as being in operation all last night, playing their shafts on every incoming and every outgoing vessel.

WHEREABOUTS OF FLEET WRAPPED IN MYSTERY

None but the admiralty, which is in constant touch through wireless at Whitehall, knows the whereabouts of the first fleet, which left Portland yesterday, but it is a safe presumption that the fleet is in a position close to the channel where it can strike the North Sea in the event of hostilities.

The crisis could not have arisen at a more convenient time for the navy, as the fleet has just been through a review on a war footing, which took the place of manoeuvres this year. A notice has been issued virtually closing Portsmouth harbor to private craft, according to a Central News Despatch. Only certain anchorages may be used, and vessels may be fired on without notice if they move. They cannot enter or

leave the harbor without permission. The ferry service may be stopped at any time.

Two Germans, suspected of being spies, were arrested in the Isle of Wight today, and are detained in jail.

The political forces of the country also are almost mobilized solidly, presenting in Premier Asquith's words to the house of commons today, "a united front."

LAW AND ASQUITH

The remarkable sight was witnessed today of Premier Asquith and Andrew Bonar Law, leader of the opposition, who a few days ago were on terms of personal as well as political hostility, driving in the same car from a consultation with Sir Edward Grey, secretary for foreign affairs.

The prime minister announced in the house of commons that the amending bill to the home rule bill would be dropped for the present by the consent of all parties. All parties included the Irish Nationalists and the Ulster covenanters. Mr. Bonar Law said: "In view of the prime minister's pronouncement—that peace and war are in the balance,—domestic differences must not prevent our presenting a united front in the council of the world," and added a word in behalf of Sir Edward Carson, the Ulster leader to the same effect.

The spectacle of a solid front in support of the government by all sections of the Irish members in the house of commons was even more remarkable than the reconciliation of Mr. Asquith and Mr. Bonar Law. The traditional sentiment of the home rulers, that England's extremity is Ireland's opportunity, was buried when the Irish members murmured, "hear, hear," to the premier's plea for unity.

Not only the home rule question, but all measures likely to arouse international hostilities, have been sidetracked. They include the naval vote, which inevitably excites discussion of Germany's policy, and the vote for imperial defence. Nevertheless, there is a strong, although apparently a minority feeling that Great Britain should maintain neutrality, whatever comes and refuse to be drawn into the quarrels of the continental powers.

TROOPS MOBILIZED

St. Petersburg, July 30.—Russia today officially notified Germany and Austria of the mobilization of fourteen army corps, numbering 1,200,000 men. The Czar is said to have expressed the intention of taking the field as commander in chief in event of hostilities.

This is Russia's answer to the virtual ultimatum which came from the German foreign office in an unofficial statement that the Kaiser would order the mobilization of his forces unless Russia ceased her military activities within twenty-four hours.

With the 1,200,000 men mobilized, Russia will have more than 2,000,000 in the field. The number of officers necessary for the reserves has been notified to report to their station immediately. The medical service of the entire army has been placed on a war footing. Surgeons and nurses have been gathered and the necessary horses and vehicles have been requisitioned.

The Cossacks whose military service has expired in the territories of Don, Kuban, Terek, Astrakhan, Orenburg and Ural have also been summoned.

WAR — THREE. CANADA MAY PARTICIPATE.

Ottawa, July 30.—Canada is get-

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