

Quebec Bankruptcy Rings Reached Into Underworld

QUEBEC (CP) — Quebec's revenue and justice departments are studying a report exposing operations of fraudulent bankruptcy rings reaching into the underworld and providing millions for phony companies and crooked debtors, trustees and inspectors.

The report was the work of Lucien Mercier, internal auditor of the revenue department, whose investigations extended over 10 months.

Revenue Minister Eric Kieran indicated he would have no public statement for two or three weeks. His department

released the 31-page report, issued in both English and French.

Justice Minister Wagner is in Europe and final decision as to any criminal actions are expected to await his return.

It is known that the justice department during the last two years has instigated actions in fraudulent - bankruptcy cases. They had no direct connection with the investigations being carried out by Mr. Mercier.

SPREAD INTO ONTARIO

Several of the cases indicated operations of the rings had ramifications in Ontario.

The Mercier report said the government has been robbed of tax revenue of \$1,500,000 a year and that the billing from Jan. 1, 1965, to last Feb. 1 is estimated at \$5,400,000.

There was no specific recommendation for criminal action but the report said the findings should help the justice department.

Mr. Mercier's mandate was to find out how phony bankruptcy cases affected creditors, especially the revenue department.

He reported that the fraudulent rings were helped by badly kept records in the bankruptcy court in Montreal. Most of the rigged bankruptcies occurred in that city.

The method of the rings was to form a company, but goods

on credit, sell them and then dissolve the firm.

"These adventurers usually proceed by incorporating a series of many companies. We traced as many as 60 companies in one ring, the operations of each company usually lasting only a few months.

"By astute means the first company buys on credit all that it can possibly acquire. These goods are sold at minimum prices to other companies in the ring and these specialists in fraud appropriate the receipts in different ways as soon as they are paid in."

NONE LEFT OVER

Once the merchandise was sold the company would go into bankruptcy. The remaining goods were sufficient only to pay costs of the federally-licensed trustee charged with supervising the bankruptcy. There was never enough left to allow the cheated creditors to open an inquiry.

"The process varies with different rings," said the report. "In one ring we notice that the solvent directors, administrators or those interested in other enterprises were replaced by dummy names."

The report said "inadequate books" were often kept during the months preceding a company's failure, making accurate auditing almost impossible.

There was also a "lack of interest" among creditors and inspectors, partly because they have had little satisfaction in getting their fair share of assets in the past, said the report. The way then was opened for dishonest operators.

"Many trustees were 'in the business of bankruptcy' because of their expenses and office overhead they needed a flow of business failures.

"In order to effect this many saw the advantage of maintaining good relations with the debtors rather than the creditors."

There was also connivance among some inspectors, appointed to determine the value of assets, and trustees, who received "hush money" from certain lawyers to protect the interest of secured creditors.

"It was also observed that certain representatives of trustees are using blackmail in order to obtain advantages or interest in the businesses."

The inquiry found dodges that included purchase of profitable business for a good price by sharp operators. The crooks obtained goods on credit from unsuspecting suppliers, got rid of them quickly and then disappeared with the money.

2nd Half-Million To Come Quicker

OTTAWA (CP) — It has taken Newfoundland 500 years to reach a population of 500,000, Premier Smallwood said Friday.

"But it won't take us another 500 years to reach the 1,000,000 mark," he said. "That should be done in 25 years."

Mr. Smallwood told the opening banquet of the Central Canada Exhibition that his province had the highest birth rate in Canada, "and it is the highest in the world, with the exception of one province in Mexico."

"I think I'll take a run down there."

FIND NEW GEM

A new kind of diamond, pale green in color, has been found at a new mine in Cape Province, South Africa.

CONTRACT BRIDGE

By B. JAY BECKER

FAMOUS HANDS

East dealer. Neither side vulnerable.

NORTH
 ♠ A 7 10 8
 ♥ K 8 7 6 2
 ♦ A K Q 5
 ♣ —

WEST
 ♠ K Q 7
 ♥ A 10 9 4
 ♦ 9 4 2
 ♣ 10 7 3

EAST
 ♠ 6 3
 ♥ Q J 5 3
 ♦ J 10 6
 ♣ A K 9 4

SOUTH
 ♠ 9 5 4 2
 ♥ —
 ♦ 8 7 3
 ♣ Q J 8 6 5 2

The bidding:
 East Pass South West North
 Pass Pass Pass 2 ♠
 Pass 2 ♠ Pass 4 ♠

Opening lead — two of diamonds.

Most players bid naturally, using very few artificial conventions, but there is no doubt that some artificial conventions not in general use gain points when the particular situation for which the convention was devised comes along.

One of the most dramatic illustrations of this occurred in the match between Italy and the United States in 1959.

When Belladonna and Avarelli were North-South for Italy, the bidding went as shown. The two diamond bids by Belladonna were artificial. It showed a three-suited hand with either 5-4-4-0 or 4-4-4-1 distribution, and at least 17 points in high cards. An opening two club bid would have had the same meaning, except that the point count would then have been 12 to 16.

The two spade responses showed a weak hand including at least four spades. (With seven or more points, Avarelli would have responded two no-trump, obliging Belladonna to bid his singleton or void and thus indirectly identify the three suits he actually had.)

Belladonna jumped to four spades; since he had every reason to believe that his partner would make at least ten tricks. Actually, Avarelli made five spades, by means of a cross-ruff, and scored 450 points.

When the American North-South pair played the hand, the bidding went:

East Pass South West North
 Pass Pass Pass 1 ♥
 Pass Pass Pass

North went down once — 50 points — and the outcome was that the United States team lost 500 points on the deal.

It is not easy to pin the blame for the fiasco on either North or South for bidding as they did and winding up in a terrible contract. Actually, according to standard methods, neither of them did anything terribly wrong. The hand lent itself to the Italian style of bidding, and most fair-minded critics of that time looked upon the result as just as unfortunate occurrence.

Prison Sit-Down Ends Peacefully

ANGOLA, La. (AP) — An overnight sit-down strike by 500 convicts at the sprawling Louisiana state penitentiary ended peacefully Friday.

The prisoners abandoned the exercise yard where they had spent a foodless night, bathed in searchlights and ringed by armed guards. They had refused to leave the exercise yard at noon Thursday in protest to the use of convict guards.

Wingate White, director of the state board of Institutions, said the strikers returned to their medium-security dormitories. He said they would be brought out one at a time for questioning and would be fed some time later.

"The determination of our future action will be based upon our questioning of these prisoners," White said.

As the strike ended, a prisoner in another part of the prison attempted to escape by climbing over a fence. The man, identified as James Woods, 37, serving 10 years from New Orleans on a narcotics conviction, was shot in the hand when he ignored orders to halt.

Bail Refused In Furs Case

MONTREAL (CP) — Bail was refused to two men and a woman who appeared in court Friday on charges of illegal possession of \$18,000 worth of furs stolen in Saint John, N.B. two weeks ago.

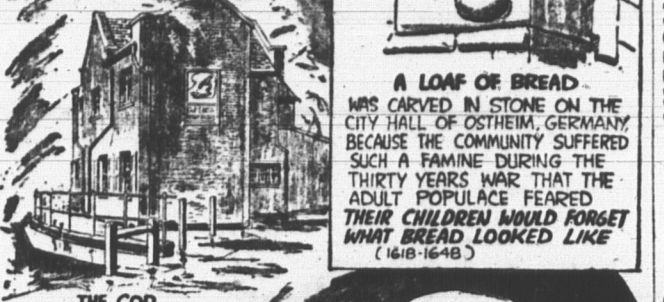
They also were charged with possession of two revolvers and being unlawfully present in a dwelling house.

The three were Jacques Latulippe, 27; Gilles Hamel, 26; and Louise Bolduc, 35, all of Montreal.

BUGS CAUSE GALLS

Most galls on trees and farm or garden plants are caused by insects and not by diseases.

RIPLEY'S BELIEVE IT OR NOT



A LOAF OF BREAD
 WAS CARVED IN STONE ON THE CITY HALL OF OSTIM, GERMANY BECAUSE THE COMMUNITY SUFFERED SUCH A FAMINE DURING THE THIRTY YEARS WAR THAT THE ADULT POPULACE FEARED THEIR CHILDREN WOULD FORGET WHAT BREAD LOOKED LIKE (1618-1648)



THE MONARCH WHO RULED IN HIS SLEEP!
 SULTAN TIPPOO SAHIB (1753-1799) of Mysore, India, DECEASED WHILE DREAMING OF OFFICIAL ACTS OF STATE AND FOR A PERIOD OF 17 YEARS AND 5 MONTHS EACH OF HIS DREAMS WAS RECORDED IN LETTERS OF GOLD (1782-1799)

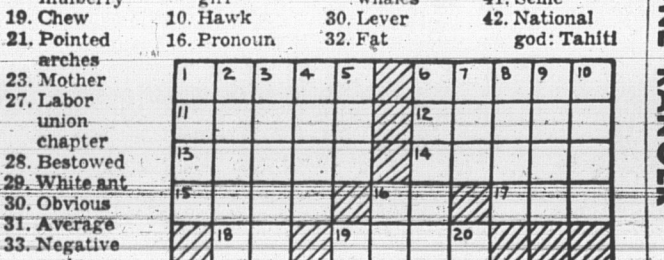
DAILY CROSSWORD

ACROSS
 1. Pierce
 6. Sluggery
 11. Boat
 12. Capital in the news
 13. Musical instrument
 14. Company of eight singers
 15. Allowance
 16. Exclamation
 17. Poem
 18. India mulberry
 19. Chew
 21. Pointed arches
 23. Mother
 27. Labor union chapter
 28. Beatwood
 29. White ant
 30. Obvious
 31. Average
 33. Negative reply
 34. Joe College cheer
 37. Near
 38. Of the atlas and axis
 40. Surmise
 42. Hunter constellation
 43. Keeps
 44. Scope
 45. Rugged mountain crest
 46. Compiles

DOWN
 1. Native of god
 2. Herb used for flavoring
 3. Girl's name
 4. Watercraft
 5. Japanese coin
 6. Discharge, as a gun
 7. Varnish ingredient
 8. Inside
 9. College girl
 10. Hawk
 16. Pronoun
 19. Baby
 20. Send forth
 21. Palm leaf
 22. Idle name
 24. One of the Roman hills
 25. Calendar of months
 26. Wasp's equis
 28. Herd of whales
 30. Lever
 32. Fat

Saturday's Answer
 34. Girl's name
 35. Armadillo
 36. Bee house
 38. Swift horse
 41. Seine
 42. National
 god: Tahiti

OUR BOARDING HOUSE MAJOR HOOPLE



OKAY, FOLK, THROTTLE BACK WHILE I CARVE OUT A SPEEDY TICKET. I SHOULD GIVE YOU ANOTHER ONE FOR A FAULTY TAIL-LIGHT - BUT I GUESS YOU'RE SAFE ENOUGH WITH THAT STOP-LIGHT NOSE IN THE BACK SEAT!

SPEEDIN' 2 HONEST OFFICER, THIS HEAD WOULD'NT MAKE A SPLASH GOIN' OFF THE END OF A PIER!

HAR-RUMPH! MY FRIEND IS A VISITING DIPLOMAT! FORTUNATELY HE DOESN'T UNDERSTAND ENGLISH OR YOUNG BUNDS BEFORE THE POLICE BOARD THIS VERY HOUR!

WE MEANT YOU MAJOR, NOT PUNCHY!



WHY THE SACK OVER YOUR HEAD, GRANDMA?
 BUTCH, I FEEL AS YOUNG AS A KID TODAY!
 AND I DON'T WANT TO RISK SPOILING IT...
 ...BY CATCHING A GLIMPSE OF MY MUG IN THE MIRROR!



GOOFY! LOOK IN THIS ONE!
 NOTHIN' EVER WORKS FOR ME!



I HAVE A HEADACHE, DOCTOR!
 SO HAVE I! IT'S BEEN HURTIN' TERRIBLE ALL DAY!
 AN' BESIDES THAT I GOT A STOMACH ACHIE! ALSO, MY LEFT KNEE HAS A KINK IN IT, AN' I THINK I'M CATCHIN' A COLIC!
 I ALWAYS FEEL BETTER AFTER GOING TO HIM!
 YES, A TRULY WONDERFUL DOCTOR!



...YOU THINK ANTARES IS HIS NAME, PHIL? AND YOU KNOW WHO HE IS?
 ONLY ONE MAN FITS, DON'T YOU? WHEN I SPOT HIM BE READY TO MOVE!
 BUT ANTARES HAS BEEN SUMMERED FROM THE AREA TO THE TELEPHONE IN THE CIRCUS MANAGERS' TRAILER...
 I SEE!
 KATYA RECEIVED YOUR CALL, BUT THEN A SECONDARY...
 IT WAS A HUFFLED CONVERSATION - VERY MYSTERIOUS!
 WE'LL HAVE NO MYSTERIES ABOUT KATYA!



HI! MOM WENT TO VISIT AUNT ETHEL FOR A FEW DAYS!
 AND YOU'RE COOKIN' WHAT'S FOR DINNER?
 HOW'S ABOUT A THICK JUICY STEAK?
 TOMORROW NIGHT WE'LL HAVE CHICKEN OR ROAST BEEF!
 WOW! - BUT DON'T KNOCK YOURSELF OUT COOKING!
 OH, DAD! I MEAN EVERY NIGHT WE CAN GO TO A DIFFERENT RESTAURANT!



AS THE LONE RANGER AND TONTO APPROACH SPYITE DRINKS...
 KAPOO SABAY!
 I SEE HIS GUN!
 DROP IT! WE ONLY WANT TO TALK!
 THIS IS ALL I HAVE TO SAY, MISTER!



THAT CHECK COULD BE YOURS, MR. PALOOKA!
 GEE! I CAN THINK OF A LOT OF HOSPITALS AND CLINICS THAT CAN USE A MILLION DOLLARS!
 BUT THERE ARE MANY THINGS THAT MIGHT INTEREST YOUR BOY! WHY MUST HE BE AN ATHLETE?
 I THINK YOU'LL FIND OUT WHEN YOU MEET HIM!
 IS IT A DEAL? WILL YOU DO IT?
 I DON'T THINK I CAN!



HI, BUBBA! HOW'D YOUR SNAPSHOTS TURN OUT?
 TERRIBLE!
 YOU CAN SAY THAT AGAIN! WHAT HAPPENED?
 I DON'T KNOW...
 ENTER AN CAMERA GOOFED, OR THE DRUGSTORE MADE A MISTAKE...
 ...AND GOT MY NEGATIVES MIXED UP WITH SOME THAT WERE RELAYED BACK FROM MARS!



DON'T KILL IT! IT'S HIM!
 WRONG! - I'M NOT HIM!
 NOT-CHUCKLE-YET THAT IS!

AT LAST WRIGLEY'S SPEARMINT IS IN THE MODERN dime PACK

Get some soon!

WRIGLEY'S SPEARMINT CHEWING GUM 10¢

More to enjoy! Wrigley's Spearmint, Doublemint and Juicy Fruit Gum are now available everywhere in the Big Dime Pack.