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NEW SERIES.

CHARLOTTETOWN, P. E. ISLAND, WEDNESDAY, DECEMBER 4, 1889.

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1889

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Charlottetown, Nov. 26, 1889—eod & wkly.

**UNPARALLELED!**

**WHAT?**

**McLeod & McKenzie, Star Merchant Tailors.**

MODESTY forbids us (to use a slang phrase) to blow our own horn, and as it is contrary to our opinion (according to the old proverb) when in Rome to do as Rome does, we shall endeavor, as heretofore, to present facts so undeniable as to be beyond the reach of dispute. True, people have gained for themselves a name (not an enviable one) which, to all appearances, served the purpose they had in view. But wisdom dictates, before posing as leaders in the great race for supremacy, that we should look well to the foundation upon which those assertions are based. To throw the mantle of charity over such people is our motto; and instead of revealing to the public gaze, through your columns, the errors into which they have fallen, we will endeavor to lead them gently into the light. That you will acquiesce in what we say, is a foregone conclusion, namely, as Fathers of the trade in this Province we treat the several branches of the trade in this city with the same consideration as a loving parent would his innocent offspring; and to this end we invite such traders to aim high and co-operate in elevating this, the first profession, to the high status to which it is entitled. In the meantime, call and see our handsome goods, in NAPS, MELTONS, SCOTCH TWEEDS, WORSTEDS, etc., made up in the latest styles and cheap.

**McLEOD & MCKENZIE.**

Charlottetown, Oct. 19, 1889.

**STILL ON THE TOP**

And We Are Going to Stay There.

THIS IS OUR BUSIEST YEAR. Since its advent we have not had a dull day. WHY? Because we have earned a reputation for furnishing the very best Suits at the very lowest prices. People from all sections of the country place their orders with us, and after receiving their Suits, stay with us in spite of all competition. We can show the largest range of Cloths on Prince Edward Island—500 different designs and patterns to select from.

**Gents' Furnishing Department.**

HATS, CLOTH and FUR CAPS, SHIRTS, COLLARS, TIES, UNDER CLOTHING, GLOVES, &c., sold at bottom prices.

Five Hundred BOYS' SUITS we are offering at first cost. Perfect-fitting Garments; strictly first-class work; lowest prices.

For FINE SUITS, neat and unique designs, elaborate and artistic trimmings, they all go to

**JOHN McLEOD & CO.,**

Ch'town, Nov. 16, 1889—eod

MERCHANT TAILORS.

**FALL & WINTER GOODS.**

Our Stock of Fall and Winter Goods is now complete, and we call the attention of our customers and the public generally to the immense bargains we are offering in Gents' Underwear, Shirts, Collars, Ties, Cuff Buttons, Shirt Studs, Breastpins, Silk Handkerchiefs, Suspenders, &c.

We have a very fancy lot of Cloths, in Naps, Meltons, Suitings, &c., which we will dispose of at our usual low prices.

**P. J. FORAN.**

Charlottetown, Oct. 18, 1889—eod wkly

LAND OFFICE COMMISSION.

Public Investigation.

Hon. D. Ferguson's Statement.

AFTERNOON SESSION.

Enquiry resumed at 4 o'clock. Hon. D. Ferguson's examination continued. If the moneys had been kept without being deposited oftener than once a month, in some months during which country collections came in there would be, perhaps, \$20,000 to deposit at the end of the month. The largest sum of money I ever knew to be in the possession of the Assistant Commissioner was \$9,977. This was in the fall of 1881 during his western tour. Mr. Strong provided the Government with \$8,000 arreties. The Assistant Commissioner, previous to going on a collecting tour, would pass the cash over to Mr. McKinlay. The cash in the box would then be counted over, and a receipt given therefor. I gave instructions to this effect myself, and that when Mr. McKinlay handed back the cash to Mr. Strong the same course was to be adopted. I am not sure that I can produce these receipts. Witness submitted a detailed statement of the lands under the control of the Government, how they were acquired, etc. He continued: There are complete plans of most of the estates; but in the Bourke estate, Lot 37, there is no working plan, a great part of the land being held adversely. As soon as the piece of land is sold, the name of the purchaser is entered in ink upon the plan and a reference is also made thereon to the folio in the township ledger wherein the purchaser's account may be found. In many cases the estates purchased by the Government were found to be considerably less in acreage than represented. In one estate there was actually a shortage of many thousand acres. The Government of that time fought the matter out, but the arbitrators appointed decided against the Government. When a sale of land is effected and paid for, or partly paid for, a receipt is given from the land sales book, the other receipts from the ordinary receipt book are for subsequent payments. For both of these receipt books there are counterfoils on which the full particulars in the receipt are recorded. After the 20 per cent. deposit is made, a second-class deed is made out, with its duplicate, which, together with a plan of the property, is given to the purchaser. When a payment in full is made in the first instance, a first-class deed is issued. In 1877, 1878 and 1879 the work in the office was so excessive that the preparation of deeds fell in arrears, and the purchasers continued making instalment payments in the same way as if they had their deeds. The time passed without their having obtained deeds, and it being too late to issue second-class deeds, first-class ones were issued when the final payment was made.

EVENING SESSION.

Commission met at 7 o'clock. Mr. Ferguson's examination continued: The revenue of the office is derived almost from land sales. The system of bookkeeping in the office has not been changed since 1876. The receipt books are the starting point. The amounts appearing on the counterfoils of these receipt books are posted to the debit of cash in the cash book. The amount is then posted from the cash book to the credit of the purchaser in his account in the township ledger. The debit is obtained largely from the valuation books. When a sum is paid on account, a receipt is given in the ordinary receipt book. The particulars of the receipt are on the counterfoil, from which it is posted in the daily cash book, whence it is transferred to the township ledger. Books are not kept by double entry. There are no accounts for the townships. There is no general ledger in which all the transactions of the office are recorded. The balance is taken off the township ledgers after they come in, and compiled a general statement from them. In the early affairs of the Land Office there was a land account reported upon in each year, because the law required each estate to be self-sustaining, but this has not been done under lands acquired under the Land Purchase Act, 1875, as the lands have been valued at a much lower rate than could be self-sustaining. There is an audit made by the Provincial Auditor, at the first of each month, of the previous month's transactions. This audit is a comparison of the counterfoils of the land sales book and the ordinary receipt book with the items as they appear in the cash book, and an examination of the treasurer's receipts. The Provincial Auditor has been in the habit of visiting the office at other times than once a month, and making a similar comparison and an examination of the cash without notice. No audit has ever extended to the entries made in the township ledgers, or to any examination of the deeds, and none ever did, so far as I know. Money should never have been received for lands without a receipt being given in the proper form, and I never knew of any being given in any other way until the discovery of the defalcation. Until this discovery was made I never had a doubt but that in every case a receipt was given in the regular form. The rule that for every amount received should be given for every amount received was imperative. From the 1st July, 1878, to the 16th June, 1879, Mr. F. W. Hyndman was Auditor. The office was vacant until the 1st July, 1879, during which time Mr. F. W. Mitchell performed the work. Mr. W. C. DesBrisay became Auditor then, continuing in the office until April, 1882. He was succeeded by Mr. F. J. Courroy, who resigned and was in turn succeeded by Mr. R. F. DeBlois, the present incumbent. In 1879 the new civil service act came into force. Under it the offices of Clerk of the Executive Council and Auditor were amal-

gamated. I have had conversations with the different Auditors as to the advisability of extending the audit. They agreed that it was necessary; but two of them—Messrs. Courroy and DesBrisay—said that it would be too much for them to do, as they were already overworked. They said further that it was not reasonable to expect them to undertake that work now when it was not done by the previous Auditor, who had but the duties of Auditor to attend to. I took no steps to obtain the authority necessary to change the audit. It would mean new legislation. I thought the rule regarding the granting of receipts on the proper printed form furnished a check. Mr. DeBlois has said to me that the audit was not complete; but, like the other Auditors referred to, he thought he had already as much work as he could attend to. To the question: Referring to a report made by you to the Government, dated the 6th November, 1889, in regard to certain defalcations made by the late Assistant Commissioner, Mr. Robert A. Strong, which report has been referred to the Commission to investigate, please state when you first suspected that Mr. Strong had failed to account for all the Government money which came into his hands, with all the circumstances connected therewith, and what you did when you made the discovery? Mr. Ferguson replied: Shortly after Mr. Strong's death, in November, 1888, I took up the Sheriff's account for Prince County, and upon examining it found that it showed a balance of \$193.38 owing to the Land Office under precepts issued. I adjusted the account according to the Act, and furnished the Sheriff with a statement accordingly, asking him to remit the amount before the end of the financial year. In reply, he discussed the question of charges with me, and submitted a readjustment of the account. My letter was dated Dec. 13th, 1888, and Sheriff Strong's letter in reply is dated Dec. 15th. The statement annexed to the Sheriff's reply showed that the amount alleged to be due the Land Office by him had been paid by check to Mr. R. A. Strong on the 15th of March, 1888. My next letter to the Sheriff was dated Dec. 19th. In it the fact of the check he said he forwarded not having turned up was referred to and he was asked to look into the matter. On the same day I wrote Mr. Stavers, of the Summerside Bank, Summerside, asking if a check corresponding to the one referred to previously was presented. A postal card was received in reply, which stated that the check in question, endorsed by myself, had been cashed on the 1st or 2nd June. The check was dated March, 15, 1888. After this I pursued my inquiries in the office, and found that on the 31st May, R. A. Strong had made a deposit of \$1469.99 in the Merchants' Bank of P. E. Island. I knew this because Mr. Strong was the cashier at that time, and the deposit ticket is apparently in his handwriting. The items of this deposit contain the check of Sheriff Strong which does not appear to the credit of any person in any of the books of the office. (Witness here presented the cash book which showed that the sum of \$1469.99 should have been deposited without the check having formed any part of it, and consequently, that the sum of \$193.28 had been abstracted from the cash.) Until this discovery, nothing ever occurred that could make me doubt Mr. Strong's integrity. After this discovery, the first thought that entered my mind was that the defalcations would not extend beyond the Sheriff's account. The account of the Sheriff of King's County was then examined and found correct. Sheriff Curtis' account was next examined. I found that the price of a farm known as the Woodside Farm, that Sheriff Curtis sold under precept on the 23rd February, 1888, was not accounted for in the cash book. The sum of \$127 it had realized was entered in the township ledger in Mr. Strong's handwriting. There was no credit of this amount in either the cash book or the receipt book. I sent for Sheriff Curtis and asked him for the money paid him for the Woodside Farm. I did this to test the matter. He told me he did not let the money get warm in his hand until he paid it in—to Robert Strong, and said "isn't it credited?" I said "Oh, it's credited in the township ledger." Mr. Curtis gave me to understand that he had a sort of receipt for the money from Mr. Strong, but it was not in the regular form. This receipt, he said, he thought he had at home, and would try and get it. About this time Mr. McKinlay returned home from his collecting tour, and said he met a man named James Monaghan at Souris, who told him that he had paid Mr. Strong \$20.40 on account of a farm he had purchased, which amount is credited on the township ledger, but not in the cash book. Mr. McKinlay, at my suggestion, wrote Mr. Monaghan, asking for a copy of the receipt given him. (Copy of receipt produced.) The receipt given Mr. Monaghan was signed by Robert A. Strong, Assistant Commissioner, and was in writing instead of in the regular printed form. Immediately after the discovery of the Sheriff Strong check matter I notified the Provincial Auditor and informed the Attorney General, Hon. Mr. McLeod and my other colleagues who were in Charlottetown, of the affair. There was a meeting of the Government shortly afterwards. After the meeting I went to Summerside to see the check in question. I went to the bank saw the check, and found that it was indorsed by myself. I explain this: I was in the habit of receiving checks from persons who may not have business with us, but who, having bank accounts, are used as a medium of exchange by their customers and friends, and all the checks that require my endorsement are brought to me by the cashier in a bunch, when a deposit is to be made. Before going to Summerside I found a letter dated 15th March, from Sheriff Strong to R. A. Strong, stating that the check in question had been mailed him. After I saw the check at the Summerside Bank I called on Sheriff Strong, and he asked me if I had received the postal card he sent me in answer to my second letter. He had the impression that the check was all right from

the way it had come through to the bank, but when I explained the true state of affairs to him, and told him about the other Sheriff's transactions, he was very much concerned. When I told him the whole story, he suggested that I should see Mrs. R. A. Strong, who had some means of her own, and who, he was sure, would make it all right. I said that under the circumstances I could not see Mrs. Strong and break the matter to her. After some further conversation, Mr. Strong said he would write the family and tell them of the trouble, also that he would let me know the results of the correspondence. We also talked of the Sheriff's accounts we had been corresponding about, and that affair was finally settled. On the 31st December I met George R. Strong, son of the deceased Assistant Commissioner, at the back of the Market House in this city. He accosted me, and said they had had a letter from their uncle William, saying there was something wrong in the Land Office, about which he had called at the Land Office to see me when I was out. I went back with him to the office, where I told him all about the different transactions referred to before, as well as about some empty envelopes, with endorsements thereon, found in the cash box at Tignish after his father's death. He then spoke to me about a check for \$60.66 for his father's monthly salary that had been held at the bank on account of the envelopes, and asked if the cheque would go in part payment of the shortage. I told him it would, and the ten dollars, in silver, found in the cash box would also be allowed in the same way. He went out, and came back with \$900, which, with the cheque for \$60.66, and the \$10 referred to, made up eight dollars more than the amount of Sheriff Strong's cheque, Sheriff Curtis' amount, the Monaghan amount, and the \$19.75 shown by the envelopes to have been received by Mr. Strong, also the Chaisson amount of \$8 which Mr. McKinlay had found during his visit to Souris, had been credited in the travelling ledger for Lot 43 in Mr. Strong's writing. This amount we proceeded to apply to the payment of the shortage referred to, and the sum of \$7.96 remained. Before George Strong called for this balance, and a statement prepared for him, other discrepancies were discovered which prevented his getting the balance. For the parts of the country visited by the collector, we have what are called country ledgers, wherein are recorded their transactions. This Chaisson amount of \$8 was paid to Mr. Strong on account of land purchased on Lot 43, and was not credited on the township ledger. It was credited in the country ledger by Mr. Strong as having been received in December, 1886. George Strong, when leaving, told me that if we found anything else wrong, to let him know. Sheriff Strong was anxious to keep the matter quiet. I think I gave George Strong to understand that the matter would not come out—that we would not talk about it—if the amount of the defalcations was made good. These conversations only had reference to the defalcations we knew about at that time. Having made further discoveries and notified George Strong of them, he made a further payment of \$500. Before giving George Strong to understand that the matter would be kept quiet, I had spoken to my colleagues in the Government on the subject, and they thought it would be better to do so. At that time we thought we had found out all the transactions, and that if the Government were reimbursed by the family, no good cause could be gained by making the matter public. I find the following amounts as having been received by Mr. Strong which were not credited in the cash book, but which appear to the credit of the persons paying in the township ledgers: Rev. D. Macdonald, Sept. 26, 1884, \$103.03. [This amount was paid by check or voucher, which appears to have been deposited by Mr. Strong in the Merchants' Bank of P. E. Island.] The other amounts are: S. O. Halloran, \$23.75, Nov. 14, 1888; George Green, \$40, Feb. 1, 1888. [Letter of R. A. Strong, to George Green acknowledging receipt of money put in evidence; John Locke, \$165, July 15, 1889; [Four letters from John Locke, in California, referring to this payment put in evidence; John Bull, \$113.96, Nov. 27, 1885; [Bank deposit ticket including amount of this check put in evidence; John McNeill, \$15, July 16, 1887; Edward Lelstone, \$39.86, Nov. 14, 1887; (\$30 of the amount paid in by George Strong went to a settlement of this account, as we thought that amount was all Lelstone had paid in, there having been an erasure in the ledger.) J. Smallman, \$8.21, Nov. 1st, 1887; W. B. Dyer, \$81.48, Nov. 16; Richard Smallman, \$116.94, Dec. 1, 1885; [Deposit ticket including amount of this check put in evidence; James McDonald, \$9.95, Nov. 15, 1887; [This amount is also posted in the travelling ledger.] The entries of the above amounts are in Mr. Strong's handwriting. Adjudged till 4 o'clock.

**FOR SALE.**

A SMALL-SIZE GURNEY BOILER, in good condition. Also, a good mahogany Desk, suitable for an office. Apply to WILLIAM HEARD.

nov21—t

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