

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**First Session — Twelfth Legislature**  
**40th Day**

**Saturday, April 11, 1953**

The House met at three o'clock p.m.

Mr. Erb, from the Select Standing Committee on Crown Corporations, presented the second report of the said Committee, which is as follows:

Your Committee, in pursuing the inquiry referred to in its first report, the causes and results of which form the subject-matter of this report, has held 41 meetings in the course of which it examined 26 witnesses under oath, and heard oral evidence extending to approximately 1700 pages of typescript, being the transcription of 574 recording cylinders. In addition, some 115 marked exhibits were submitted, together with a great mass of unidentified and uncatalogued papers which, though relevant to the inquiry, were not considered of sufficient significance to be produced in evidence and marked.

Your Committee, having devoted almost unremitting attention to, and having concluded its inquiry, now lays before the Assembly its analysis of the evidence and its findings thereon:

1. At the meeting of the Committee on the morning of March 10, 1953, Mr. Walter A. Tucker, Leader of the Opposition, made reference to a document referred to by him as a copy of an affidavit. As a result, on the motion of Mr. Tucker, seconded by Mr. Fines, it was resolved:

"That a subpoena ad testificandum and duces tecum be issued to Joseph Oliver Rawluk of Regina. (Documents involved: Exhibits A to X to affidavit of Joseph Oliver Rawluk, dated May 23, 1952, also books of Financial Agencies Ltd.)

"Also subpoena ad tesificandum be issued to Georgina Rawluk, M. C. Shumiatcher, Philip Bodnoff, M. F. Allore, Jacqueline Cates and Jeannine Fradette.

"And that the Speaker's Warrant do issue immediately for the appearance of the said witnesses and documents at a meeting of the Committee tonight at 8 p.m."

2. The Committee re-convened on Tuesday night, March 10, 1953, to hear the evidence of witnesses and continued to do so until Saturday morning, April 4, 1953, when the hearing of evidence was concluded. The Committee heard evidence from the following witnesses:

J.O. Rawluk  
Hon. C. M. Fines  
M. F. Allore  
M.C. Shumiatcher  
Mrs. J. Cates  
P. Bodnoff  
H.L. Hammond  
Mrs. L. Carriss  
E.A. August

Mrs. D. Smibert  
Mrs. M. Severson  
M. Young  
N. Hilsden  
A. Young  
L. Antonini  
C.T. Dempsey  
P. South

D.E. Foley  
H. Duckett  
F. Burton  
W. George  
Miss J. Fradette  
W. Tennant  
C.C. Riach  
Mrs. G.H. Rawluk  
A.E. Wilson

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3. Mr. E. C. Leslie, Q. C., was appointed counsel to the Committee. Mr. A. W. Embury appeared as counsel for Mr. M. F. Allore and Dr. M. C. Shumiatcher, Q. C., appeared as counsel for Mr. P Bodnoff, Mrs. Jacqueline Cates and himself.

4. It would perhaps be well to make some reference at the outset to the so-called affidavit of Mr. J. O. Rawluk, which was sworn on May 23, 1952, before Mr. D. V. Heald, a solicitor practicing at Regina. This was generally referred to before the Committee as an affidavit, but in fact it cannot be properly so described. Section 172 of the Criminal Code of Canada provides as follows:

"172. Everyone is guilty of perjury who,

(a) having taken or made an oath, affirmation, solemn declaration or affidavit where, by any Act or law in force in Canada, or in any province of Canada, it is required or permitted that facts, matters or things be verified, or otherwise assured or ascertained by or upon the oath, affirmation, declaration or affidavit of any person, wilfully and corruptly, upon such oath, affirmation, declaration or affidavit, deposes, swears to or makes any false statement as to any such fact, matter or thing; or

(b) knowingly, wilfully and corruptly, upon oath, affirmation or solemn declaration, affirms, declares, or deposes to the truth of any statement for so verifying, assuring or ascertaining any such fact, matter or thing, or purporting so to do, or knowingly, wilfully and corruptly takes, makes, signs or subscribes any such affirmation, declaration or affidavit as to any such fact, matter or thing, if such statement, affidavit, affirmation or declaration is untrue in whole or in part."

Section 179 of the Criminal Code provides that every justice or other person is guilty of an indictable offence who administers or causes or allows to be administered, or receives, or causes or allows to be received, any oath or affirmation touching any matter or thing whereof such justice or other person has not jurisdiction or cognizance by some law in force at the time being, or not authorized or required by any such law . . . In order that an indictment for perjury would lie on the so-called affidavit against its maker, Mr. J.O. Rawluk, it would be necessary to show that the affidavit was required or authorized by law or permitted by law. In this case, there is no such requirement, authorization or permission and no indictment would lie for perjury on the affidavit. The affidavit was taken by Mr. Heald, a duly admitted solicitor, who must be presumed to be familiar with the law, and the question naturally arises as to why an affidavit was taken instead of a statutory declaration. When an attempt was made to cross-examine Mr. Rawluk on that, the objection was taken that the conversations between himself and his solicitor were privileged and could not be given in evidence and Mr. Heald did not assist the Committee by giving evidence. Mr. Heald must have known that perjury could only be charged if a statutory declaration and not an affidavit had been sworn to by Mr. Rawluk. In the absence of any explanation, the Committee cannot avoid the inference that an affidavit instead of a statutory declaration was taken to rule out the possibility of indictment for perjury.

5. The Committee notes that the evidence brought forth the fact that the exhibits attached to the so-called affidavit were first taken to Mr. Heald and later shown to Mr. Tucker. The so-called affidavit was drafted as a result of Mr. Rawluk's consultation with Mr. Heald. It was also brought out in the evidence that copies of this document were given to Mr. Tucker, Mr. Benson, and Mr. Heald, with the original being kept by Mr. Rawluk. In addition, a copy of the so-called affidavit was shown to Mr. Diefenbaker on May 30, 1952, when Mr. Rawluk attempted, without success, to read the document at a public meeting in the Town of Bethune, Saskatchewan, addressed by Mr. Diefenbaker in support of a Progressive-Conservative candidate in the Saskatchewan general election. A similar attempt was made by Mr. Rawluk to persuade Mr. J. Benson, an Independent candidate in the Saskatchewan general election, to permit him to read his document at one of Mr. Benson's meetings. This attempt was also in vain. The Committee feels it is significant that no attempt was made by Mr. Rawluk to read the so-called affidavit at any of Mr. Tucker's meetings during the general election campaign, despite the fact that Mr. Tucker had a copy of it. It is worthy of note that despite Mr. Rawluk's professed desire to have corruption in government brought to an end, neither Mr. Rawluk nor Mr. Tucker made any attempt for a prolonged period after the election on June 11, 1952 to bring the contents of the so-called affidavit to the attention of those in authority. In spite of Mr. Tucker's protestations that he acted from a sense of public duty in bringing this matter to the attention of the Crown Corporations Committee, it is significant that more than nine months passed before it was made public. The Committee feels that there was ample time in this nine-month period for any responsible and public spirited citizen to request the establishment of a Royal Commission or a Judicial Commission to deal with this matter in a satisfactory and expeditious manner. Furthermore, any one of Mr. Tucker, Mr. Heald or Mr. Rawluk could have laid a complaint and information under provisions of the Criminal Code of Canada or could have invoked the provisions of The Legislative Assembly Act of Saskatchewan against those charged with corrupt practices. None of the above courses was followed. Instead the matter was left in abeyance for nine months and only made public behind the privileged protection of a Standing Committee of the Legislative Assembly.

6. There is one other observation that the Committee feels should be made. It is not alleged in the so-called affidavit that any funds belonging to the public were improperly dealt with or that there was any loss either to the public treasury or to the Saskatchewan Government Insurance Office as a result of the alleged transactions set out in this so-called affidavit. On the contrary, it is clear that the alleged transactions had to do only with the use of funds belonging to Financial Agencies Limited.

7. The charges in the so-called affidavit may be summarized as follows:

- (a) that Mr. M. F. Allore, Manager of the Saskatchewan Government Insurance Office, was to get a "kickback" of forty per cent on all commissions received by Financial Agencies Limited turned in by him, that is, Mr. Allore, and that the Honourable C. M. Fines, Provincial Treasurer, was to share in this "kickback";
- (b) that the payment of this "kickback" was arranged by putting Mrs. G. H. Rawluk, wife of Mr. J. O. Rawluk, on the payroll of Financial Agencies Limited at a salary of \$100.00 per month, although she was not working for the company;
- (c) that Mr. Fines was actually paid money by Mr. Rawluk.

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8. Financial Agencies Limited, of which Mr. Rawluk was the Managing Director, was incorporated on August 30, 1950. Under its Memorandum of Association, it had power to carry on the business of a collection agency, a real estate agency, and an insurance agency. Mr. Rawluk had formerly been employed as manager of Credit Protectors Limited which carries on a collection business in the City of Regina. Fifteen hundred dollars of the capital of the company was subscribed to by Mr. Bodnoff, Mr. Rawluk put up \$800.00 in cash, which he borrowed from the Canadian Bank of Commerce, giving a note which was guaranteed by Dr. Shumiatcher, and he also put up \$700.00 in the form of a credit to be used in the purchase of furniture and office fixtures for the company. Dr. Shumiatcher put up \$1,500.00 in the form of a credit for legal advice and disbursements to be incurred during the period two years after the formation of the company. In due course, and under circumstances which will be described later, Financial Agencies Limited obtained an agency contract with the Saskatchewan Government Insurance Office and it is out of the transactions of Financial Agencies Limited as such insurance agent that the allegations made by Mr. Rawluk arise.

9. The charges made against Mr. Fines and Mr. Allore are grave and serious. There is no doubt that it would be an improper and corrupt practice for Mr. Allore to personally share in the proceeds of any commission paid to any agent of the Saskatchewan Government Insurance Office and it would be an equally corrupt practice for Mr. Fines to have shared in such commission. The evidence that has been given before the Committee is, in many respects, contradictory and the Committee is of the opinion that in arriving at the truth and evaluating the testimony of the witnesses who appeared before it, much depends on the weight that can be attached to the evidence of Mr. Rawluk, the maker of these charges. The Committee is unhesitatingly of the opinion that Mr. Rawluk must be regarded as wholly unworthy of belief. He is not honest or reliable, either in his own everyday business affairs or in his evidence before the Committee. It would be impossible, as it is unnecessary, to set out all the grounds on which the Committee is forced to this conclusion, but the Committee does feel that the following facts taken from Mr. Rawluk's own evidence should be set out:

(a) While he was Manager of Financial Agencies Limited and after Dr. Shumiatcher and Mr. Bodnoff had dropped out of the company, he forged, on his own admission, three cheques. These were drawn in the names of existing persons, were paid into the account of Financial Agencies Limited in the Dominion Bank of Canada in order to bolster its bank account and, of course, in due course were returned with notations to the effect that there were no accounts or that the payors could not be located. When questioned about these cheques by counsel for the Committee, he denied that one of them was in his own handwriting. This was at a morning session. A specimen of his handwriting was taken by counsel for the Committee and the suggestion was made that the cheques be sent to a handwriting expert. At the opening of the evening session of the same day, Mr. Rawluk admitted that he had forged three of the cheques. He stated to the Committee that this had become apparent to him when he examined his records. Not only on his own admission did he forge these cheques, but the Committee cannot accept his explanation that he did not know they were forged until he looked up certain records. It seems inconceivable that a person who has forged cheques would have no recollection of them when they were shown to him. Furthermore, at a later date he stated that he had not consulted his records, which were at that time in the custody of the Clerk of the Legislative Assembly, Mr. C. Stephen, and it would not appear that there were any records in the

offices of Messrs. Pedersen and Norman which would in any way assist him in remembering the forgeries. The Committee, therefore, is of the opinion that when he denied that one of the cheques in his handwriting was a forgery, he was deliberately attempting to mislead the Committee and his admission at night was only made when he realized what would be the inevitable result of the examination of the cheques by a handwriting expert. In addition, he forged the name of his father-in-law, Mr. H. Parckan, to a cheque for \$3,350.00. In respect of that cheque, Mr. Rawluk stated, however, that he had his father-in-law's verbal permission to sign such a cheque. He had not seen his father-in-law since 1947 or 1948 and that cheque has not yet been paid.

(b) While he was sole signing office of Financial Agencies Limited, he kept issuing cheques from time to time which were returned from the bank marked "not sufficient funds," and this became so much his common practice that he was unable to even estimate the number of N.S.F. cheques that he had issued in the past two years. The latest of the cheques about which he was examined was one given to Miss Wagner. In December 1952, Mr. Rawluk signed a cheque payable to Miss F. Wagner, on behalf of Financial Agencies Limited in payment of wages. Miss Wagner cashed the cheque but it was returned by the bank to the casher marked N.S.F. and at the time Mr. Rawluk was being examined on March 20, 1953, the cheque had not been made good. It is hardly necessary to refer to the observation of Mr. Rawluk to the effect that she had in fact been paid because she had actually received the money for the cheque. She, of course, would be bound to repay it if it were not made good by Mr. Rawluk or Financial Agencies Limited. It has not been made good at the time Mr. Rawluk was being examined.

(c) Mr. Rawluk who, after October 5, 1951, was in complete control of Financial Agencies Limited, paid trust funds, that is, the funds received on collections for clients, directly into the general bank account of Financial Agencies Limited and in fact misappropriated the funds. Although he was collecting trust monies in 1952, he paid no money into his bank trust account after January 7, 1952. In the month of October, 1951, when he deposited in the general account of Financial Agencies Limited a cheque for \$1,462.50 received from the Beattie Ramsay Construction Company as payment on an insurance policy, 75 per cent of which at least ought to have been held in trust for the Saskatchewan Government Insurance Office, he drew from the account of Financial Agencies Limited cheques payable to his own order or in payment of his personal expenses, to the sum of approximately \$1,100.00. Without the depositing of the trust funds, his account would have been overdrawn and he would not have been able to make these large drawings. This was a clear case of fraudulent misappropriation of funds.

(d) On November 19, 1951, Financial Agencies Limited was advised by the Saskatchewan Government Insurance Office in a letter written by Mr. C. R. King, the Agency Superintendent of the Saskatchewan Government Insurance Office, that in view of the fact that the Company was greatly in arrears in the amounts owing to the Office on policies sold, it was suspended as an agent from that date and its agency would be cancelled as of November 28, 1951. On December 5, 1951, Mr. Rawluk had a conversation with Mr. H. L. Hammond,

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Secretary, Saskatchewan Government Insurance Office, in the course of which Mr. Rawluk appears to have told him that the reason for the failure of Financial Agencies Limited to pay insurance accounts to the Office was that Financial Agencies Limited had been unable to collect the amount of the premiums. It was then suggested that Mr. Rawluk turn in a list of his delinquent accounts and that following the receipt of such a list the Saskatchewan Government Insurance Office would send out cancellation notices. The sending out of these cancellation notices would have the effect of reducing the indebtedness of Financial Agencies Limited to the Office by the amount of the premiums unearned on the policies at the date of cancellation. On December 6 and 7, 1951, Mr. Rawluk turned in two lists of what he claimed to be delinquent accounts. They amounted to approximately \$2,000.00. The Saskatchewan Government Insurance Office immediately sent out notices of cancellation of the policies covered in these lists of delinquent accounts. These had scarcely been sent out when the Office began to receive complaints from a large number of policy holders to whom these notices had been sent. These policy holders indicated that their premiums had been fully paid to Financial Agencies Limited. The correction of the lists of delinquent accounts turned in by Mr. Rawluk showed that there was less than \$500.00 actually owing.

(e) After the agency of Financial Agencies Limited had been cancelled, Mr. Rawluk continued to hold himself out as an agent of the Saskatchewan Government Insurance Office to accept premiums. In one case at least he accepted a premium for a policy and did not notify the Saskatchewan Government Insurance Office. In the case of Mr. W. Brian McDonald, the evidence shows that on March 31, 1952, Mr. McDonald paid to Financial Agencies Limited the sum of \$41.50, the receipt therefore being signed by Mr. Rawluk. This amount included \$17.50 for a package policy. Mr. McDonald already had a package policy which expired on April 1, 1952. On October 3, 1952, the Saskatchewan Government Insurance Office, having seen Mr. McDonald, wrote to Financial Agencies Limited for the premium and on November 5, 1952, it was remitted by Mr. Rawluk to the Office. In the meantime, of course, Mr. McDonald was completely without the insurance protection afforded by a package policy.

(f) It has already been stated that on November 19, 1951, the Saskatchewan Government Insurance Office notified Mr. Rawluk of the suspension of the agency of Financial Agencies Limited. On November 20, 1951, Mr. Rawluk replied in a letter in which he stated that he was called out of town to attend the funeral of his deceased brother and asked that the matter be allowed to stand in abeyance until his return. This was a barefaced fabrication. However, it was made in a letter and not under oath, yet the Committee believes that the statement he made in evidence to the effect that he had been asked by someone at the Saskatchewan Government Insurance Office to proffer some such excuse was also a deliberate falsehood. It is inconceivable that officials of the Insurance Office would write him a letter in the terms of that of November 19, 1951, and at the same time ask him to put forward some excuse for delaying action.

(g) In connection with his negotiations for the purchase of the agency of A. L. Wilson by Financial Agencies Limited, Mr. Rawluk stated that he could not locate Mr. Wilson's name in the telephone directory and that Mr. Allore told him that he would get in touch with Mr. Wilson and arrange for them to meet to discuss the sale of the agency. Mr. Wilson was later called and the Committee accepts his evidence, which was to the effect that his name was in the telephone directory at that time, as it still is. He also stated that after Mr. Rawluk had contacted him regarding the sale of his agency, he, Mr. Wilson, first got in touch with Mr. G. Bothwell, who was at that time Director of Publicity for the Saskatchewan Government Insurance Office, who referred him to Mr. Allore, and that he, Mr. Wilson, saw Mr. Allore of his own volition.

(h) Mr. Rawluk swore that he was being threatened by telephone calls from Dr. Shumiatcher, made periodically throughout the summer months of 1952. Documentary evidence was produced to prove that Dr. Shumiatcher was out of the province during the periods June 19 to August 30, 1952, and September 11 to September 16, 1952.

(i) In addition to the above matters, there were contradictions in Mr. Rawluk's evidence and further contradictions between the evidence of Mr. Rawluk and that of other witnesses called on his behalf, which will be dealt with later.

10. The Committee feels that it is proper to deal first with the allegations in the so-called affidavit which reflect upon Mr. Fines. With the exception of Paragraph 41, there is no allegation against Mr. Fines contained therein which is not based on hearsay, that is, Mr. Rawluk relied, according to the so-called affidavit, for the information that Mr. Fines was to get a share of the "kickbacks" upon information supplied to him by Mr. Allore, Mr. Bodnoff and Dr. Shumiatcher. Were it not for Paragraph 41, the rest of the so-called affidavit, insofar as it affects Mr. Fines, would be pure hearsay, not based on any personal knowledge of Mr. Rawluk and denied absolutely by all of the persons from whom he claimed to have received his information. In Paragraph 41, however, Mr. Rawluk attempts to supplement the hearsay knowledge that he had by stating:

"THAT some time during July or August of 1951, I was in Dr. Shumiatcher's office in the afternoon and Dr. Shumiatcher told me that Mr. Fines wanted some money that day on account of his share of the kickbacks on commission which he and Mr. Allore were getting on business given to the company through Mr. Allore's efforts and Dr. Shumiatcher gave me an envelope containing either \$100.00 or \$200.00, the exact amount I cannot remember and Dr. Shumiatcher then called Mr. Fines in my presence and told Mr. Fines that I had the money for him and would be at Mr. Allore's office in the Government Insurance Building at his convenience and since Mr. Fines had never met me, Dr. Shumiatcher described my appearance to Mr. Fines and told him that I was wearing a mauve coloured jacket. THAT I then went to Mr. Allore's office and after I had been there awhile, Mr. Fines telephoned and informed me that he would meet me at the corner of Cornwall Street and 11th Avenue in about 15 minutes and that I waited for him there and he came along and picked me up in his car and drove me to the corner of Rose Street and 11th

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Avenue and during the process of that ride, I gave him the envelope containing the money from Dr. Shumiatcher."

The inherent improbability of these allegations would, in itself, be sufficient to cause its rejection by the Committee unless it were supported by very credible evidence or documents. According to the allegations, Dr. Shumiatcher had the money for Mr. Fines. If that were so, why did he not go directly to Dr. Shumiatcher's office? Why would it be necessary to have Dr. Shumiatcher give Mr. Rawluk the money, have Mr. Rawluk go to Mr. Allore's office, have Mr. Fines telephone Mr. Rawluk there and then pick him up on Eleventh Avenue? In the view of the Committee, this highly improbable story seems fantastic. It was denied in toto by Mr. Fines, whose denial the Committee accepts. It would, or course, have been helpful to the Committee if the date of this alleged transaction could have been given instead of specifying only some time in the months of July and August, 1951. The Committee feels that the reason that no closer date was given was that Mr. Rawluk feared that if he gave closer dates than that, he would be faced with the possibility that Mr. Fines would be out of town or that Mr. Allore or Dr. Shumiatcher would be out of town, all of whom, according to this story, were present in Regina on that date.

There was called before the Committee as a witness Mr. William Tennant, a non-practicing barrister and solicitor, formerly in the employ of Messrs. Shumiatcher and McLeod. He deposed to the fact that some time in the summer of 1951 he had heard snatches of a telephone conversation that Dr. Shumiatcher was having with someone, in which Dr. Shumiatcher used the words " . . . dark hair, that he would be wearing a purple coat, and that he would be walking down Eleventh Avenue," and that subsequently Dr. Shumiatcher came out of his office, put his hand on the shoulder of Mr. Rawluk, who was standing by the receptionist's counter, and said, "I have described you to him, I've told him that you would be wearing a purple coat and that you would be walking along Eleventh Avenue." Mr. Tennant also swore that he formed the impression that Mr. Rawluk was reluctant. The Committee is unable to accept the evidence of Mr. Tennant. It contradicts the evidence of Mr. Rawluk in Paragraph 41 inasmuch as the latter was to go to Mr. Allore's office in the Government Insurance Building, whereas Mr. Tennant says that he, Mr. Rawluk, according to the words he heard, would be walking along Eleventh Avenue. Furthermore, in his cross-examination Mr. Tennant could not give the name of a single client of Financial Agencies Limited whose work he had been looking after. This indicates a faultiness of memory which would make it extremely difficult for the Committee to accept as true his recollection of a fragment of a telephone conversation heard casually almost two years before he gave his evidence. Even if such a conversation took place, as Mr. Rawluk and Mr. Tennant suggest, there is nothing in Mr. Tennant's evidence that implicates Mr. Fines. The evidence would be exactly the same if the original allegation by Mr. Rawluk had been made against any person other than Mr. Fines. It is, therefore, not corroborative of Mr. Rawluk's testimony.

11. There is another circumstance in connection with the allegations against Mr. Fines that should be pointed out. Mr. Fines gave evidence in which he denied absolutely all the allegations of wrongdoing. He was later cross-examined by Mr. Walter A. Tucker, Leader of the Opposition, and Mr. A. W. Embury, counsel for Mr. Rawluk. While he was asked questions on cross-examination about other matters, not a single question was put to him to impeach the truth of his denial of the allegations insofar as they affected him. It is a cardinal rule of cross-examination that cross-examining counsel must indicate to a witness the portions of his evidence with which he does not agree. This was

not done by either Mr. Tucker or Mr. Embury and the Committee, therefore, feels that they themselves had no faith in the allegations against Mr. Fines. In any event, these allegations rest entirely on the uncorroborated evidence of Mr. Rawluk. The Committee, without hesitation, finds that they are not substantiated in the slightest degree. In fact, this lack of corroboration, together with the contradictory nature of the evidence submitted, plus the proven unreliability of the person making the charges, forces the Committee to conclude that all of the allegations against the Honourable C. M. Fines are false.

12. The Committee now turns to the charges against Mr. M. F. Allore. In summary form these allegations are that Mr. Allore was to receive a 40 per cent commission or "kickback" on all commissions earned by Financial Agencies Limited on business directed to Financial Agencies Limited by Mr. Allore and that pursuant to such arrangement Mr. Allore was from time to time paid amounts aggregating approximately \$1,000.00 according to the so-called affidavit. It is suggested by those who have supported the allegations that these are corroborated by the facts (a) that Mrs. Rawluk did not work for Financial Agencies Limited but was kept on its payroll at a salary of \$100.00 a month; (b) that a cheque of \$90.00 drawn by Mr. Rawluk on his own bank account and payable to "Cash" was endorsed by Mr. Allore; and (c) that Exhibit "R" to the so-called affidavit (which exhibit will later be set out in full in this report) is consistent only with Mr. Rawluk's story that Mr. Allore was to get a "kickback" of 40 per cent.

13. The Committee feels that it should deal first with the matter of Mrs. Rawluk's salary cheques. The Committee is satisfied after hearing the evidence that Mrs. Rawluk did very little work for Financial Agencies Limited during the period in which she was on the payroll and in fact holds that she did no work which would entitle her to remuneration at the rate of \$100.00 per month or even any amount. It is not unreasonable to conclude the Mr. Rawluk, Managing Director of Financial Agencies Limited and fully responsible for all matters relating to staff, was in fact deceiving his partners as to the fact that Mrs. Rawluk was not rendering the services to the company for which she was being paid. That, however, does not conclude the matter. It is still necessary to examine into the further allegation that these cheques or their proceeds were paid over to Mr. Allore. It will therefore be necessary to deal in some detail with the history of the nineteen cheques which were drawn by Financial Agencies Limited payable to Mrs. Rawluk, each in the amount of \$47.62 (being her semi-monthly salary of \$50.00 less unemployment insurance and income tax deductions) and bearing date December 14, 1950; December 29, 1950; January 15, 1951; January 30, 1951; February 13, 1951; February 27, 1951; March 15, 1951; March 30, 1951; April 13, 1951; April 30, 1951; May 14, 1951; May 30, 1951; June 16, 1951; June 29, 1951; July 13, 1951; July 31, 1951; August 14, 1951; September 1, 1951; September 14, 1951. In the so-called affidavit Mr. Rawluk states that the first five cheques were cashed by him. These five cheques aggregated the sum of \$238.10. Mr. Rawluk states in Paragraph 22 that on or about January 26, 1951, he turned over to Mr. Allore \$63.00 in cash and gave the cheque to Mr. Allore for \$90.00 which has already been referred to, and the balance of the \$238.10, namely \$85.10, was turned over to Dr. Shumiatcher "to hold for Mr. Allore until such time as he had brought in sufficient business to the company so that he and Mr. Fines were entitled to the said sum of \$85.10, being their cut of our commissions." With respect to the other fourteen cheques, Mr. Rawluk states in Paragraph 24 of the so-called affidavit as follows:

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"THAT commencing with my wife's salary cheque for the last weeks in February, 1951, I was instructed not to make the payments to Mr. Allore myself but was instructed by Dr. Shumiatcher to make out my wife's salary cheques and to have her endorse them, and to then turn over the endorsed cheques to pay Mr. Allore and Mr. Fines, and from and after that date I turned all of my wife's salary cheques over to Dr. Shumiatcher or someone in his office."

It will be noted that this statement in the so-called affidavit does not say that the proceeds of the cheques were handed over to Dr. Shumiatcher but it says that the salary cheques themselves were handed over. The so-called affidavit was doubtless prepared with due deliberation. However, when Mr. Rawluk gave his oral evidence before the Committee he found it impossible to adhere to the story set out in Paragraph 24; he then changed his story and said that either the cheques themselves or the proceeds of the cheques after being cashed were turned over to Dr. Shumiatcher. Mr. Rawluk also stated that the procedure in connection with these cheques was that he would have a stenographer in his office prepare Mrs. Rawluk's salary cheque under his direction; that he would sign it on behalf of Financial Agencies Limited; that he would obtain the endorsement of Mrs. Rawluk; and that it would be disposed of by being turned in to Dr. Shumiatcher's office where it would be signed by Dr. Shumiatcher who was one of the signing officers for Financial Agencies Limited. If that were so, it would not be necessary for the cheques to come back to Mr. Rawluk at all and yet there is clear evidence that many of them did. For instance, the cheques dated April 13 and April 30, 1951 were cashed by Mrs. L. Cariss, a stenographer in Mr. Rawluk's office. The Committee finds that of the nineteen cheques all but six (to which reference will be made later) were cashed either by Mrs. Rawluk, by Mr. Rawluk himself or by Mrs. Cariss and were not cashed by Dr. Shumiatcher or by anyone in his office. Of the thirteen cheques which are the subject of the Committee's finding in this regard, it is admitted that the first five cheques issued were cashed either by Mr. or Mrs. Rawluk. Of these five, two were cashed by Fuhrmann & Co., one by Berenbaum's Grocery and one by the Louis K. Liggett Co. Mrs. Rawluk in her evidence denies that she ever cashed any of these cheques. The Committee cannot accept that evidence in view of the fact that a number of the cheques bear only her endorsement. Three of those which bear only Mrs. Rawluk's endorsement were cashed at the Canadian Bank of Commerce, Regina. Mr. C. C. Riach, Manager of the Canadian Bank of Commerce at Regina, was called as a witness by Mr. Rawluk's counsel and stated that he could not think it possible in three particular cases for a cheque to be cashed without being endorsed by the party receiving the money. It will be noted that although Mrs. Rawluk when giving evidence denied absolutely that she had cashed any of the cheques, Mr. Rawluk stated that she had cashed two. These were the cheques of December 29, 1950, and February 27, 1951. Mr. Rawluk said that Mrs. Rawluk turned the proceeds of the cheque of February 27, 1951, over to him. It will be seen, therefore, that the allegations in Paragraph 24 are contradicted by Mr. Rawluk in his own evidence before the Committee, because he admits that both he and his wife as well as the stenographer in his office cashed some of these cheques. Mr. Rawluk also contradicts his wife's evidence to the effect that she never cashed any cheques at all. The Committee, therefore, cannot accept the evidence either of Mr. or Mrs. Rawluk with respect to the disposition of the eight cheques issued on and after February 27, 1951, which do not bear the endorsement of the firm or employees of the firm of Shumiatcher and McLeod.

14. There were six cheques that were delivered to the office of Shumiatcher and McLeod and were cashed by that office. These cheques bear the dates May 30, 1951; June 16, 1951; June 29, 1951; July 13, 1951; July 31, 1951 and August 14, 1951. The cheques of May 30, 1951; June 29, 1951; July 31, 1951 and August 14, 1951, were cashed, having been first endorsed by Mrs. Rawluk and then by Mrs. J. Cates, who is employed as office manager in the office of Shumiatcher and McLeod. The cheque of June 16, 1951, was deposited in the office account. The cheque of July 13, 1951, was cashed by Miss Jeannine Fradette at the Royal Bank of Canada, Regina, on July 16, 1951, having been endorsed first by Mrs. Rawluk and then by Miss Fradette. Mr. Rawluk in the so-called affidavit exhibits these six cheques as proof of the fact that all of Mrs. Rawluk's salary cheques after February 14, 1951, were paid over to Dr. Shumiatcher in order that he might pay the proceeds to Mr. Allore pursuant to the alleged "kickback" arrangement. To explain the fact that these six cheques were cashed by Dr. Shumiatcher, it is sworn to in evidence by Dr. Shumiatcher, Mrs. Cates and Mr. Bodnoff that the latter had loaned the sum of \$300.00 in cash to Mr. Rawluk and that he had asked for repayment in cash; that the money was deposited in an envelope as the cheques were cashed, and that the money was paid to Mr. Bodnoff on or about the 6th day of November, 1951. That this loan was made to him is denied by Mr. Rawluk. The Committee finds that the loan was made and was paid off with the exception of approximately \$15.00, in the manner sworn to by Mrs. Cates. The Committee comes to this conclusion as the only fair inference from all the facts. According to Mr. Rawluk's story, the paying over of Mrs. Rawluk's salary cheques in such a way as to reach the hands of Mr. Allore was a "hush-hush" business to which no undue publicity was to be given. If that be so, there was no more reason why the names of the final cashers of six of the cheques should be associated with the firm of Shumiatcher and McLeod than there was with any of the other thirteen. If Dr. Shumiatcher or his office had been able to cash the other cheques without putting on any endorsement showing the relationship to his office, the same procedure would have been followed with the six cheques that do show such relationship. It is inconceivable that after cashing six of these cheques without endorsement of anyone connected with Shumiatcher and McLeod's law office, they should suddenly decide to have such relationship appear. The Committee feels, therefore, that the only fair inference is that they adopted this procedure for the purpose of state, namely, to repay in cash the loan Mr. Bodnoff made to Mr. Rawluk.

In this regard the Committee refers to the evidence given by Miss Jeannine Fradette who cashed the cheque of July 13, 1951. According to her evidence, she cashed that cheque at the Royal Bank of Canada, Regina, on the instruction of Mrs. Cates and took the money to Mr. Rawluk at Mr. Allore's office. That evidence contradicts the evidence of Mrs. Cates that the proceeds of this cheque went into the envelope in which the proceeds of the other five cheques were being held for Mr. Bodnoff. It also contradicts flatly Mr. Rawluk's evidence. The evidence of Mr. Rawluk both in the so-called affidavit and in his evidence before the Committee was that, commencing with his wife's salary cheque for the last two weeks in February, 1951, the cheques or their proceeds — depending on which one of Mr. Rawluk stories is accepted — were turned over to Dr. Shumiatcher and by him turned over to Mr. Allore. If the proceeds of the cheque that was cashed by Miss Fradette were given to Mr. Rawluk in Mr. Allore's office, the only logical conclusion would be that Mr. Rawluk then paid it over to Mr. Allore. No one can be expected to believe that Dr. Shumiatcher's office sent the money over to Mr. Rawluk at Mr. Allore's office and then had

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Mr. Rawluk bring the money back to Dr. Shumiatcher's office to be paid by Dr. Shumiatcher to Mr. Allore. Furthermore, if the facts were as stated by Miss Fradette, Mr. Rawluk, when he signed the so-called affidavit, and when he gave evidence before the Committee, must have known that such was the case. It was a fact that would have tended very greatly to substantiate his account of what was being done with the money, and yet he makes no mention of it at all. Furthermore, in his evidence before the Committee he stated that the only money that he turned over to Mr. Allore himself was a personal cheque of \$90.00, a further \$63.00 in cash and the proceeds of a cheque of \$161.35. Had he paid over the proceeds of the cheque of July 13 he would have stated so. He exhibited the cheque to the so-called affidavit which he signed, and he knew that Miss Fradette was employed in Dr. Shumiatcher's law office, and yet he makes no reference whatsoever at any time to this money having been turned over directly to him. Miss Fradette may have been genuinely mistaken, but the Committee cannot accept her evidence in view of the other factors just referred to.

In connection with this matter of cheques, it is to be noted that the cheques of July 31, 1951 and August 14, 1951, which were admittedly handed over to Dr. Shumiatcher or his office were not cashed until the 6th of November, 1951. However, two cheques later in date, those of September 1, 1951 and September 14, 1951, were cashed at the Canadian Bank of Commerce, Regina, on the 17th of September, 1951, and bear the endorsement only of Mrs. Rawluk. This, in the opinion of the Committee, further supports the suggestion that only six of the cheques were turned over to Shumiatcher and McLeod, and the Committee finds that those six cheques were paid over for the purpose of repaying the loan which it finds was made by Mr. Bodnoff to Mr. Rawluk. It was suggested that it was implausible that Mr. Bodnoff would make a further loan of \$300.00 to Mr. Rawluk in view of the fact that he had already loaned him \$2,365.00 of which \$1,365.00 was unpaid at the time of making the new loan. Indeed the suggestion was made both by Mr. Tucker and Mr. Embury in cross-examining Mr. Bodnoff, that Mr. Rawluk was so untrustworthy that it was inconceivable that Mr. Bodnoff would make a further loan to him. Mr. Bodnoff's explanation was that the original loan of \$2,365.00 was given to Mr. Rawluk to pay for a car; that Mr. Rawluk had agreed to repay it in a day or two from funds to be supplied by his father-in-law; that he had no lien or security on the car; and that he loaned the \$300.00 to induce Mr. Rawluk to sell the car so that he could salvage what he could out of his advance of \$2,365.00 of which \$1,365.00 was outstanding at the time. The Committee finds that the loan of \$300.00 was made as stated by Mr. Bodnoff and was repaid with the exception of approximately \$15.00 out of the proceeds of the six cheques admittedly cashed by Dr. Shumiatcher office.

15. The next item that is put forward as corroborative of Mr. Rawluk's story is the cheque of January 26, 1951, for \$90.00 drawn by Mr. Rawluk on his personal bank account in the Canadian Bank of Commerce, Regina, and payable to "Cash". This was endorsed by Mr. Allore and later endorsed by Mr. William George. Mr. Allore stated that he cashed this cheque as an accommodation to Mr. Rawluk and gave him the money. He does not remember the time or the place. The evidence of Mr. Allore on this point was indefinite and had it been contradicted by any evidence to which the Committee could attach credence further consideration would have been necessary. The allegation that this cheque of \$90.00 was made out solely as part payment of this "kickback" to Mr. Allore rests entirely on the assertion of Mr. Rawluk. The Committee is not prepared to accept Mr. Rawluk's uncorroborated evidence.

16. The next item offered in corroboration of Mr. Rawluk's charges is Exhibit "R" to the so-called affidavit. This document reads as follows:

		Bal at March 31	124.90
<u>April</u>	<u>Premis</u>	<u>Comm.</u>	
Smith Bros. & W.	57.70	11.54	
A. Young	142.08	35.52	
Poole Const.	1,792.69	448.17	
J. & C. South	342.18	85.55	
Henderson Bro.	172.25	43.06	
	2,506.90	623.84	
		40	
		249.5360	
			249.54
			374.44
Bal at April 30/51			
	July 10		
	21		

It is suggested that this document is consistent only with the allegations made by Mr. Rawluk to the effect that Mr. Allore was to get a "kickback" of 40 per cent of the commissions on business directed to Financial Agencies Limited by him, Mr. Allore, or as Mr. Rawluk put it in his evidence before the Committee, on business that Mr. Allore was instrumental in getting for the Company. It would appear to the Committee that the whole of the so-called affidavit seems to have been built around Exhibit "R". Exhibit "R" was a paper, written admittedly in Mr. Allore's handwriting (except the notation

"July 10  
21")

which was fished out of a waste basket in Mr. Rawluk's office by Mr. Rawluk. It is to be noted that of the five named of persons or firms who had taken out policies with the Saskatchewan Government Insurance Office in the month of April, 1951, evidence was given by members of four of them, namely: Mr. A. Young, Alex Young Monumental Company; Mr. D. E. Foley, Poole Construction Company Limited; Mr. P. South, South Construction; and Mr. F. Burton, Henderson Bros. and Company. These witnesses swore to the effect either that Mr. Allore was unknown to them at the time Financial Agencies Limited wrote insurance policies for them or that Mr. Allore was not instrumental in obtaining their business for Financial Agencies Limited. With respect to the Smith Bros. and Wilson insurance policy noted in Exhibit "R", the evidence reveals that this was a fire insurance policy. It was admitted that Mr. Allore assisted in the writing of a performance bond by introducing Mr. Rawluk to Mr. Barre of Smith Bros. and Wilson. It is noted, however, that it was not proven that Mr. Allore had anything to do with procuring the fire policy referred to in Exhibit "R". The suggestion, therefore that Exhibit "R" can only relate to commissions to be paid to Mr. Allore on business which he was instrumental in obtaining falls to the ground. Mr. Allore stated that he did not recollect Exhibit "R" nor did he know to what it referred. He gave several possible explanations, one of which was that he might have been discussing with Mr. Rawluk the employment of a sub-agent for Financial Agencies Limited in order to increase the amount of bond business that was being done by Financial Agencies Limited. In view of the fact that Exhibit "R" contains the names of persons whose policies had been obtained entirely without the

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instrumentality of Mr. Allore, the Committee is of the opinion that it fails altogether as a basis for supporting the charges. It is noted also that neither Mr. Rawluk nor his counsel advanced evidence or argument to correlate balances shown on Exhibit "R" with alleged earnings of "kickbacks" at any date. Furthermore, the Committee is unable to relate any of the statements relating to the "kickbacks" which were made by Mr. Rawluk to any policies which it is alleged Mr. Allore was instrumental in assisting Financial Agencies Limited to obtain. For example, on January 26, 1951, Mr. Rawluk says that he paid Mr. Allore the sum of \$153.00 in cash. At that time the only policies which Mr. Allore had been instrumental in obtaining for Financial Agencies Limited, according to Mr. Rawluk's own evidence, was the policy of Smith Bros. and Wilson on which the commission was \$338.84, and a policy of automobile insurance written for A. L. Andrews, on which the commission was \$4.38. Therefore, the total "kickback" coming to Mr. Allore on January 26 would be 40 per cent of \$343.22 or \$137.28 and yet Mr. Rawluk says that he paid Mr. Allore \$153.00. There are other statements made out by Mr. Rawluk, one dated February 28, 1951, which is Exhibit "D" to his so-called affidavit. In that statement he makes no reference to the policy of Mr. Andrews issued in November, 1950, which he claims was one of the policies on which Mr. Allore was to get his "kickback". The statement Exhibit "R" to the so-called affidavit shows a balance as at March 31, 1951 of \$124.90. A calculation of 40 per cent of commissions earned by Financial Agencies Limited either (a) according to dates of billing, (b) according to dates of billing plus one item of Smith Bros. and Wilson, or (c) according to the dates of application — less, in each case, the amounts Mr. Rawluk alleges were paid to Mr. Allore or for his benefit by March 31, 1951, namely \$238.10 — results in the following balances: (a) \$160.67 (b) \$336.21 (c) \$520.95. In no case does the balance resulting from these calculations correspond with the balance of \$124.90 set out in Exhibit "R". Nor will the deduction of the proceeds of Mrs. Rawluk's other salary cheques paid to the end of March, 1951, from any of the balances set out above produce a result of \$124.90. It is just not possible to reconcile Exhibit "R" with the amount that Mr. Allore would have been entitled to on the basis that Mr. Rawluk's allegations are true. The Committee, therefore, finds that Exhibit "R" is not consistent with the allegations made by Mr. Rawluk with respect to "kickbacks" paid. The Committee in fact finds that Exhibit "R" is contradictory because:

- (a) persons associated with firms named in the Exhibit denied that Mr. Allore was instrumental in securing their insurance business for Financial Agencies Limited;
- (b) no matter what interpretation is placed on the stated balance at March 31, 1951, of \$124.90, it does not agree with any method of calculating a 40 per cent "kickback" alleged to have been earned by and paid to Mr. Allore up to that time.

Mr. Rawluk also filed Exhibit "3S", another statement made out by him covering the alleged "kickbacks" to Mr. Allore from May to September, 1951. This was admittedly prepared by Mr. Rawluk. It shows a credit of \$22.15 in Mr. Rawluk's favour apparently as of the 1st of May, 1951; but here again it is impossible to make the figures in Exhibit "3S" agree with the amounts that Mr. Allore would have been entitled to were Mr. Rawluk's allegations true.

17. Three witnesses, Mr. E. A. August, Mrs. Cariss and Mrs. Severson stated that Mr. Rawluk had told them in February and March of 1951 about these

alleged "kickbacks". This evidence is pure hearsay and rests on the statement of Mr. Rawluk himself. What is more significant is that all this evidence is flatly contradicted by Mr. Rawluk who states that the only persons he told about the alleged "kickbacks" prior to the preparation of the so-called affidavit were his wife, Mr. Heald and Mr. Tucker. It is interesting to note that Mr. August first evinced a desire to give evidence before the Committee in order to contradict misstatements which Mr. Rawluk had made in his evidence. This is just another indication of the contradictory nature of the evidence called to support these charges.

18. Reference has already been made in part to the evidence of Mrs. Rawluk. Mrs. Rawluk gave evidence on the evening of March 27, 1953. During her examination, counsel for Mr. Rawluk who had called her stated that she was unable to continue and as a result she was not cross-examined. At the concluding sitting of the Committee's hearings medical certificates were produced claiming that she was not in a fit state to appear as a witness. It is rather significant that one of these certificates is dated March 13, 1953, prior to the time of her giving evidence, and one of them is dated April 2, 1953, after the date she gave evidence. There is no information given in this certificate as to whether her condition was worse on April 2 than it was on March 27. In any event her evidence was not subjected to cross-examination and that, of course has been borne in mind by the Committee in assessing its value. Furthermore, much of her evidence was hearsay as to matters told her by her husband. In her sworn statement that she cashed none of the cheques she contradicted her husband, as has already been pointed out. The Committee is unable to accept her evidence that she did not cash any of these cheques. Reasons for that finding have already been given.

19. Some evidence was given by Mr. Rawluk to the effect that in connection with Government contracts Mr. Allore was in a position to know before anyone else who were the successful bidders. This statement was clearly wrong as was shown by the evidence of the numerous contractors who appeared before the Committee, and also by the evidence of Mr. H. Duckett, insurance and real estate agent in the City of Regina.

20. It is a significant matter as affecting Mr. Rawluk's credibility that in the so-called affidavit he referred to two policies, one taken out by the Imperial Co-operative Association, and one by the Hazelwood Co-operative Association which, he claimed Mr. Allore had improperly credited to Financial Agencies Limited. It was clearly shown by Mr. Hammond and others in their evidence that the Imperial Co-operative policy was credited to Financial Agencies Limited because it was a renewal of a policy written by Mr. A. E. Wilson, whose agency Financial Agencies Limited had purchased, and that the policy on the Hazelwood Co-operative Association had been credited to Financial Agencies Limited through error, and that this error was subsequently rectified before the date of the so-called affidavit. The reference to these two policies shows the extent to which Mr. Rawluk went in trumping up evidence to support his allegations.

21. There is another matter to which the Committee desires to make reference. The whole tenor of the so-called affidavit and of Mr. Rawluk's evidence before the Committee was to the effect that Mr. Allore did direct to Financial Agencies Limited certain information regarding contracts with the Government of which he had previous knowledge. This report has already dealt with the contention that Mr. Allore had previous knowledge about these contracts, but another significant fact emerges from the evidence. There was filed (Exhibit

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"4Y") a list prepared by the Department of Highways showing all bonds issued to contractors under contract with the Department through the Saskatchewan Government Insurance Office in the year 1951. Thirty-nine such policies are shown in the exhibit. Of these, eight were written by Financial Agencies Limited, nine by the Ed August Agencies of Regina, Saskatchewan, and eleven were written directly through Saskatchewan Government Insurance Office (ten at Regina and one through the Prince Albert Branch), while the remaining eleven were written through other agencies. The significance of this is that if Mr. Allore were in a position to control this business he would have directed it to Financial Agencies Limited and received his alleged "kickback" rather than writing it directly through the Head Office where no commission was payable at all.

It is also necessary to comment on the fact that special assistance was alleged to have been given to Financial Agencies Limited in setting up the mail order package policy insurance scheme. It is significant that at no time did Mr. Rawluk suggest that Mr. Allore received "kickbacks" on the 166 package policies thus sold in respect of which commissions totalled \$727.08. The Committee is of the opinion that if the arrangement was as alleged by Mr. Rawluk, then in consideration of the special blotters provided and other assistance given it would be expected that Mr. Allore would have here demanded the alleged 40 per cent "kickback". Such, however, was not the case.

22. Another significant feature of the evidence is that in spite of the fact that the Committee issued a general invitation to all Government Insurance agents of whom there are some 600 in the province, not one came forward to testify that he was asked to pay, or had paid, any "kickbacks" to Mr. Allore. The evidence of the two agents who were called, namely Mr. Duckett and Mr. August, the latter of whom was called by those supporting the charges, is that neither of them had ever paid, nor been asked to pay, any "kickback" to Mr. Allore.

23. A suggestion was made during the hearing of the evidence that Dr. Shumiatcher and Mr. Bodnoff on October 5, 1951, got out of Financial Agencies Limited at a time when that company was bankrupt. While this is actually not relevant to the charges against Mr. Allore, the Committee thinks some reference should be made to it. There is no doubt that Mr. Rawluk was not attending properly to business. In addition to the slipshod way in which the business was being carried on, there is among other evidence that of Mr. August, called by Mr. Rawluk's counsel, that Mr. Rawluk was not attending to business. In addition it should be noted that Mr. Bodnoff had loaned \$2,000.00 to the company, and that it was never repaid to him so that the money that he paid in was lost. There is no doubt also that Mr. Rawluk was most anxious to continue the business. He made strenuous efforts to obtain a renewal of his licence and later of his agency contract apparently under the impression that his business would be profitable. Furthermore, in the month of October, 1951, when Dr. Shumiatcher and Mr. Bodnoff withdrew from the company, Mr. Rawluk immediately increased his salary from \$250.00 to \$300.00 a month, and in that month he drew out some \$1,100.00 from the company for his own purposes, which would indicate that he did not consider it to be in a precarious financial state.

24. Some suggestions were made during the cross-examination of Mr. Bodnoff that the principal reason for the incorporation of Financial Agencies Limited was to ensure that Mr. Allore would get 40 per cent of certain commissions earned by Financial Agencies Limited. There was the further suggestion that this stemmed from a feeling of gratitude to Mr. Allore for the latter's

aid in getting a loan of \$75,000.00 from the Saskatchewan Government Insurance Office for Mr. Bodnoff on his two theatres and their contents at Weyburn, in 1950. The Committee feels that these suggestions are refuted by credible evidence. There is no evidence to indicate that Mr. Allore was in any way responsible for the granting of this loan. It was shown that Mr. Hammond is in charge of investments and loans, and that the loan was approved by the Board of Directors of the Saskatchewan Government Insurance Office. The evidence does show that the \$75,000.00 loan to Mr. Bodnoff was made on a security of \$167,000.00. The rate of interest charged was 5½ per cent per annum, being ½ per cent higher than the rate charged on the mortgage previously let to Mr. Bodnoff on his Weyburn theatres. Since the payments have been shown to be up-to-date, the whole transaction has been a profitable one for the Saskatchewan Government Insurance Office and in itself refutes the implied suspicion of favouritism and gratitude. Furthermore, if Mr. Bodnoff wished to make a payment to Mr. Allore a much simpler procedure would have been to have paid the \$2,000.00 which he lost in Financial Agencies Limited directly to him. This would have netted Mr. Allore more than the \$1,100.00 which Mr. Rawluk alleges he received. In this connection it should be pointed out, because it was referred to in evidence, although it has no real relevance to the issue involved, that neither Mr. Bodnoff nor Dr. Shumiatcher made any money out of the operations of Financial Agencies Limited. In fact they both lost money.

25. The Committee is impressed by the fact that after the agency of Financial Agencies Limited had been cancelled and while Mr. Rawluk was attempting to have it renewed he stated that he did not mention the alleged "kickbacks" to a single official of the Saskatchewan Government Insurance Office. Further to this, on the occasion of the suit for \$3,000.00 brought by the Saskatchewan Government Insurance Office on the N.S.F. cheque given the Office by Mr. Rawluk, he stated he again made no mention to any official of the Saskatchewan Government Insurance Office of these "kickbacks". This particular episode bears comment.

On December 31, 1951, Financial Agencies Limited was heavily indebted to the Saskatchewan Government Insurance Office. Mr. Rawluk's list of delinquent accounts having been proven to be exaggerated by 300 per cent, the Saskatchewan Government Insurance Office demanded payment of the indebtedness. Mr. Rawluk then gave to the Office a cheque for \$3,000.00 drawn on Financial Agencies Limited. This cheque was returned N.S.F. At that stage Mr. Rawluk stated that he would make good this cheque from the proceeds of a cheque for \$3,350.00 from his father-in-law, Mr. H. Parckan. As already stated, this latter cheque was forged. The cheque for \$3,000.00 was never made good and the Saskatchewan Government Insurance Office sued Financial Agencies Limited and, in due course, obtained judgment against it for \$3,000.00, interest and costs in default of appearance. The Committee finds it strange indeed that when he was discussing these financial difficulties with Mr. Hammond he did not point out, if it were indeed the fact, that they were in part at least due to Financial Agencies Limited having been forced to pay a "kickback" of 40 per cent to Mr. Allore.

26. One other matter remains to be mentioned. Mr. Rawluk says that his agency received exceptionally favourable treatment from Mr. Allore and he mentions particularly the matter of blotters. The evidence of Mr. Hammond, which was uncontradicted, was to the effect that the supply of blotters to Financial Agencies Limited with this agency's name printed on them consisted of a supply of small blotters and that the total cost of the Saskatchewan Government Insurance Office was less than if the large blotters without any inscription had been supplied. There is no doubt in the minds of the Committee that

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Mr. Allore assisted Mr. Rawluk and assisted him very greatly. There is nothing strange in that. If Mr. Rawluk could build up the insurance business of Financial Agencies Limited it built up the business of the Saskatchewan Government Insurance Office which it was Mr. Allore's duty to promote. Mr. Rawluk was totally inexperienced in the insurance business, and there is no doubt that he turned to Mr. Allore for advice and assistance and that he received it. The Committee finds, however, that such assistance was given for the legitimate purpose of promoting the business of the Saskatchewan Government Insurance Office and for no improper purpose whatsoever.

27. As was stated at the outset, the charges which Mr. Rawluk made were grave and serious. The Committee has weighed and assessed the whole of the evidence laid before its members. It is quite impossible for the Committee, in the knowledge of Mr. Rawluk's unreliable character and amidst the welter of conflicting testimony, to find that these charges are substantiated in the slightest degree. On the contrary, the Committee finds without hesitation that the allegations in the so-called affidavit are false in every material respect. It finds without hesitation that the alleged charges brought against the Honourable C. M. Fines, Provincial Treasurer, and Mr. M. F. Allore, General Manager of the Saskatchewan Government Insurance Office, are wholly unwarranted and unfounded.

28. The Committee recommends to the Assembly that all Exhibits and papers, including transcripts of the evidence, submitted in the course of the investigation and now in custody of the Clerk of the Assembly, be released to the Attorney General of the Province for study by the Officers of his Department, and for such appropriate action as may be recommended; and, further, that all such papers (not including marked Exhibits) as may not be required in connection with any proceeding arising out of the study so made, be then returned to their original owners.

The said report was received, and Ordered for consideration on Monday next.

The Assembly adjourned at 6.50 o'clock p.m.