

R O Y A L C O M M I S S I O N

-in-

R A C I N G I N Q U I R Y .

R E P O R T

-of-

J. G. RUTHERFORD, C.M.G.,

Commissioner.

CERTIFIED COPY OF A REPORT OF THE COMMITTEE,
OF THE PRIVY COUNCIL, APPROVED BY HIS EXCELLENCY
THE GOVERNOR GENERAL, ON THE 23RD, AUGUST, 1919.

The Committee of the Privy Council, on the recommendation of the Right Honourable the Prime Minister, advise that John Gunion Rutherford, Esq., be appointed a Commissioner, under Part One of the Inquiries Act, R.S.C., 1906, to inquire into and concerning the conditions pertaining to running race meets and betting in connection therewith, in Canada, including, without limiting the generality of his powers, inquiry into and concerning,-

- (1) The number, character, and methods, of operation of race tracks in each district or locality;
- (2) The amounts of capital invested in the several Jockey Clubs and race tracks in each district;
- (3) The respective periods of time and the seasons during which race meets have been or are customarily held in each year, in each locality;
- (4) The general effects of such race meets and betting upon the community or any particular class or class of the community;
- (5) The methods, devices, and operations, in connection with betting at the race meets and at other places; and the extent to which and the methods by which betting is carried on legally, or illegally, in each locality;
- (6) The effects of racing upon the production of improved breeds of horses and thoroughbred stock;
- (7) Generally all matters, directly, or indirectly, connected with, or relating to conditions surrounding race meets and betting in connection therewith;

And to submit, with his report, the evidence to be taken in the case for the information of Your Excellency in Council; and moreover, that said Commissioner be authorized, by his Commission, to have and to exercise all the powers specified in and by Section 11 of the said Act, as enacted by Chapter 28, of the Statutes of Canada, 1912.

(Signed) Rudolphe Boudreau,

Clerk of the Privy Council.

TO HIS EXCELLENCY

THE GOVERNOR IN COUNCIL:

The Report of the Royal Commission, appointed, to inquire into, and concerning the conditions pertaining to, running race meetings and betting in connection therewith, in Canada;

MAY IT PLEASE YOUR EXCELLENCY:

I, the Commissioner appointed by Order-in-Council, dated August 23rd, 1919, to inquire into and concerning the conditions pertaining to running race meetings and betting in connection therewith, in Canada, have the honour to present my Report to Your Excellency.

The subject matter of the reference to me is as follows:

- (1) The number, character, and methods of operation of race tracks in each district, or locality.
- (2) The amounts of capital invested in the several Jockey Clubs and race tracks in each district;
- (3) The respective periods of time and the seasons during which race meets have been, or are customarily held in each year in each locality;
- (4) The general effects of such race meets and betting upon the community or any particular class or classes of the community;

(5) The methods, devices, and operations in connection with betting at the race meets and at other places; and the extent to which and the methods by which betting is carried on legally, or illegally, in each locality;

(6) The effects of racing upon the production of improved breeds of horses and thoroughbred stock;

(7) Generally all matters directly, or indirectly, connected with or relating to conditions surrounding race meets and betting in connection therewith;

After making a preliminary survey of the whole situation, I decided that in view of the widely divergent opinions held, and from time to time expressed by certain organizations and individuals, as to the advisability, or otherwise, of permitting public betting on race courses, it would be necessary to hold a number of public hearings, at which evidence might be taken, under oath, with regard to the various matters coming within the scope of the Inquiry.

These hearings, which were widely advertised, were held, as follows:

Ottawa, Ont.,	- - - - -	September 25, 1919.
Montreal, Que.,	- - - - -	September 25, 1919.
Toronto, Ont.,	- - - - -	October 1-2, 1919.
Windsor, Ont.,	- - - - -	October 4, 1919.

Winnipeg, Man., - - - - - October 15, 1919.
Regina, Sask., - - - - - October 17, 1919.
Calgary, Alta., - - - - - October 20, 1919.
Vancouver, B.C., - - - - - October 23, 1919.
Victoria, B.C., - - - - - October 25, 1919.
Ottawa, Ont., - - - - - January 30, 1920.

The evidence taken at these hearings, (Volumes 1 to 5) together with the submissions, documents, and other information obtained during the course of the Inquiry is submitted herewith:

As practically no running race meetings are held in Eastern Quebec, or in the Maritime Provinces, I did not deem it necessary to arrange for hearings east of the City of Montreal.

In regard to this area however, steps were taken to secure, by correspondence, from official sources, such information, relative to the general features of the Inquiry as might be considered essential to the furnishing of a complete report.

As was anticipated, the information obtained in this way dealt only with harness races, and therefore does not properly come within the scope of the Inquiry, as authorized. Some of the statements made are however, of general interest, expressing as they do the opinions held in a number of different localities as to

the necessity, or otherwise, of public betting as an adjunct to racing.

I have, therefore, under a separate head, briefly summarized the sense of the several communications received.

In addition to advertising the hearings, I wrote to the officers of the Jockey Clubs and Racing Associations, of whose existence I was aware, inviting them to attend at the points most convenient to them, prepared to furnish specific information concerning the various matters covered by the Commission.

I am glad to say that in the great majority of cases, this request was willingly complied with.

At each of the Eastern hearings, and at Vancouver and Victoria, the Social Service Council of Canada was represented by Counsel; at the first hearing in Ottawa, and at Montreal, Toronto, and Windsor, by Mr W.E. Raney, K.C.; at Vancouver and Victoria, by Mr R.L. Maitland; and, at the second Ottawa hearing by Mr J.M. Godfrey.

Members of that Organization addressed the Commissioner, at Winnipeg, Regina, and Calgary, their submissions being, by consent, embodied in the record of proceedings. It was also intimated at each of these hearings that the Commissioner would receive and embody in the record any further submissions which

the Social Service Council might desire to make. Such of these submissions as were forwarded are appended as Exhibits to the Evidence.

Members of the Social Service Council were called as witnesses by Mr R.L.Haitland, at Vancouver, and Victoria, while representatives of the Ministerial Association appeared at Regina, Calgary, Vancouver, and Victoria, generally endorsing the stand taken by the first named organisation.

At the second hearing at Ottawa, on January 30th, 1920, Mr Godfrey, on behalf of the Social Service Council, called as witnesses, four gentlemen, three of whom gave evidence bearing of clause 6 of the Order-in-Council, while the fourth, Police Inspector David McKinney, of Toronto, testified on the matters referred to in Clause 4 of the said Order.

At Winnipeg representatives of the Local Council of Women appeared before the Commissioner and preferred a brief statement, which will be found in the Record of Proceedings at that point.

All the evidence given, and the statements and submissions made indicate that, the Social Service Council does not, in any way object to racing in itself, but merely to the carrying on of public or legalized betting in connection therewith.

At all the Eastern hearings, the Canadian Racing Association, which includes in its membership the Connaught Park Jockey Club of Ottawa; The Montreal Jockey Club of Montreal; the Ontario Jockey Club of Toronto; the Hamilton Jockey Club of Hamilton; The Niagara Racing Association of Fort Erie, Ontario, and the Windsor Jockey Club of Windsor, was represented

by Mr D. L. McCarthy, K.C. At the Montreal hearing, Mr F.E. Meredith, K.C., also appeared for the Montreal Jockey Club, and at Windsor, Mr A.R. Bartlett, for the Kenilworth Jockey Club. At a number of the hearings, counsel representing other Clubs, or Associations, were present, but, speaking generally, took no public part in the proceedings. At none of the Western hearings were Turf Clubs, or Racing Associations represented by Counsel.

No Counsel was retained on behalf of the Commission.

At a number of hearings, in both Eastern and Western Canada, much evidence was offered as to the importance and value of the Thoroughbred in the breeding of horses for military purposes and other general use.

A summary embodying the evidence offered and the various submissions made relative to this phase of the subject will be found at pages 130 to 151.

At the hearing, at Ottawa, on September 23rd, it was mutually agreed between myself as Commissioner, and the Counsel then present, that, at the hearings then arranged for in Eastern Canada, namely, those at Ottawa, Montreal, Toronto, and Windsor, at which representatives of the various Jockey Clubs and Racing Associations had already been invited to give evidence

no steps should be taken to compel the attendance of witnesses by subpoena, or otherwise.

This agreement was reached on the understanding that, in the event of failure to secure any evidence deemed necessary for the purposes of the inquiry, further hearings should be called, at which the attendance of witnesses might be made compulsory.

On a perusal of the evidence taken at Toronto and Windsor, it may be noted that in some cases witnesses declined to answer certain questions asked by the legal representative of the Social Service Council, and that I ruled, in view of the understanding reached at the initial hearing, at Ottawa, on September 23rd, that they, being voluntary witnesses, should not be compelled to answer, especially as they all declared themselves willing to furnish me, as Commissioner, with any information which I might deem necessary for the purposes of the inquiry.

I may add that this undertaking on their part has been duly carried out, and as will be seen from the exhibits and other papers accompanying this report, that, with possibly one exception, which will be dealt with in its proper place, no attempt has been made to conceal, or with-hold, any available facts, or figures, the production of which I considered essential.

It may be noted that during the whole course of the inquiry it was necessary to subpoena only one witness, namely, the former Secretary of the Mineru Jockey Club,

at Vancouver.

Of those to whom letters were sent asking them to attend and give evidence at the hearings, very few failed to appear. In only two cases, namely those of the Maisonneuve Driving Club, and the Montreal Driving Club of Delorimier Park, both in Montreal, was the absence of any representatives of any importance. In the statements regarding these two tracks, which were compiled from information subsequently obtained, explanations will be found, as to the absence of representatives at the hearing.

At the first hearing held in Ottawa, on September 23rd, the evidence taken in 1910 before the Special Committee of the House of Commons on Bill No. 6, "An Act to Amend the Criminal Code" was, by mutual consent of the Counsel present, filed as Exhibit No. 3, (Volume No. 1) on the understanding that its acceptance by the Commissioner would obviate the necessity of again traversing the ground covered by that inquiry.

In reporting on Racing, in Canada, as a whole, I have thought it best, instead of following the progress of the inquiry as it proceeded, to deal first with the conditions found to exist in those portions of the Dominion in which the situation is not, at present, acute.

This report will, accordingly, treat first of the Maritime Provinces and Eastern Quebec, then of the

three Prairie Provinces, (Manitoba, Saskatchewan, and Alberta), afterwards of British Columbia, and finally of Central Canada, where the issues involved are, just now, greatly more important than elsewhere in the Dominion.

Owing to the necessity of dealing with each Jockey Club, or Racing Association, as an individual entity, it was not feasible to group, under its respective subject head, the evidence secured with regard to each of the lines of inquiry covered by the Order-in-Council, such evidence being widely distributed throughout the Record of Proceedings.

The matters calling for investigation, under Clauses No. 1, No. 2, No. 3, No. 5, and No. 7, are dealt with in the reports on the individual Clubs and Associations; the last section of Clause No. 5, which relates to illegal betting, having, however, been made the subject of a brief supplementary statement.

While, in these individual reports, reference is incidentally made, to the question raised in Clauses No. 4 and No. 6, it was found impossible to deal with them fully, or effectively, in this way.

The subject matter of Clause No. 4 has, therefore, been dealt with separately, as have also certain questions coming within the scope of Clause No. 7, which from time to time arose, during the course of the inquiry.

As the reference in Clause No. 6, in its various ramifications, is one of outstanding national importance, special attention has been given to its elucidation. An abstract of the evidence bearing upon it, as taken at the various hearings, is therefore, submitted, as a part of this report.

MARITIME PROVINCES AND EASTERN QUEBEC.

No running race meetings of any consequence are held in the Maritime Provinces, or Eastern Quebec, and there is, therefore, no public betting on races of that character.

PRINCE EDWARD ISLAND:

Mr C.R. Smallwood, Secretary and Manager, of the Charlottetown, P.E.I., Exhibition, states that there have been no running races on the Island for over twenty years; at such harness meetings as take place at Charlottetown, or elsewhere, there is no public betting.

NEW BRUNSWICK:

Mr E.P. Bradt, Secretary for Agriculture, for the Province of New Brunswick, states, that there are a number of Racing Associations, of which he furnishes a list, and that, for the most part race meetings are conducted separately from the agricultural fairs.

Through correspondence with the Racing Associations, at Fredericton, St. Stephen, Moncton, Sussex, and Wood-

stock, and Chatham, N.B., above referred to, it is apparent that only harness races are held and that there is no public betting.

Dr McAllister, the Manager of the Racing Association, at Sussex, N.B., expresses the opinion that horse racing cannot be continued without betting.

NOVA SCOTIA:

Dr. M. Cumming, Secretary for Agriculture for Nova Scotia, and Principal of the Agricultural College, at Truro, N.S., states that trotting meetings are held at Springhill, Truro, New Glasgow, Sydney, Glace Bay, Inverness, and a number of smaller points in the Province. Since the destruction of the Provincial Exhibition grounds, at Halifax, where the principal yearly meeting was formerly held, no races have taken place there. Some of the tracks are owned by Associations and some by private individuals. While betting was a prominent feature at all of these trotting meetings, there was, generally speaking, no organized system. Dr Cumming is convinced that if betting of all kinds were disallowed, horse racing would, to a great extent, disappear, which would, in his opinion, be a serious blow to the horse breeding interests of the Province, as without it, many of the best stallions now there, would not have been brought in. He therefore considers racing a valuable impetus to the improvement of horse breeding in the

Province of Nova Scotia.

While having no personal experience of betting in this connection he states that he is told by many of his horse-men friends that some system of betting seems essential to the conduct of good race meetings and that, in general, they would like to see betting carried on under proper regulation.

Mr James W. Power, of the "Acadian Record", Halifax, N.S., states that while he would like to see horse racing without any kind of betting, it seems that the sport cannot thrive without some form or other. He believes that the Pari-Mutuel is easily the best form of wagering, as it less encourages crooked work. He believes that betting of some sort is needed, as racing will not prosper without it.

EASTERN QUEBEC:

Mr J.A. Grenier, Deputy Minister of Agriculture for Quebec, states that the ordinary annual exhibitions are prevented by the regulations from organizing races. He, however, kindly furnished the names of the officers of the larger exhibitions at which racing is carried on, and correspondence with these, elicited the following facts:

At Sherbrooke no running races are held, but there are a considerable number of harness events, including several stake races, for which large purses, ranging from one to two thousand dollars are offered. Public betting is not allowed; that is, bookmaking is not

officially connected with the Association. An attempt was made, in two succeeding years, to carry on betting on the Pari-Mutuel System, but led to a small loss, attributed by the Secretary, to inexperience in operating the machines.

At Three Rivers, there are no running races, and harness meetings are held only in connection with the annual exhibition. These have been very successful and are apparently gaining in popularity, the amounts offered in purses having risen steadily from \$2,400 in 1913, to \$6,700 in 1919. The Manager states, that no betting of any kind is allowed on the grounds.

At Ste Scholastique, harness races have been since 1917, carried on at the annual exhibition, under the rules of the National Trotting Association. The Exhibition Association is not interested, nor does it purpose to become interested in betting. As at Three Rivers, the races are evidently a very popular attraction, the amount offered in purses having grown from \$1,200 in 1917, to \$5,000 in 1919, while during the same period the gate receipts which, previous to the introduction of racing, were never higher than \$1,000, rose in 1917 to \$2,719, in 1918 to \$4,600, and in 1919 to \$8,600. The Secretary states that his Board is convinced that if the racing were cut off they would return to the state of affairs which existed

in 1912, 1913, and 1914. On account of the races, the Management has added a fourth day to the duration of the Fair.

MANITOBA, SASKATCHEWAN AND ALBERTA.

At the hearings held at Winnipeg, Regina, and Calgary, the evidence adduced was to the effect that while there are a few minor Driving Clubs and small local Associations holding short meetings, comprising harness races interspersed with some running events, racing generally, is conducted under the auspices of the Western Fairs Association.

At Winnipeg, owing to distance from other centres of population, the limitation on length of meetings and other conditions, there has been little racing of recent years.

The old established Manitoba Jockey Club,^{Re-} which has been/organised, secured a new Charter by Special Act of the Provincial Legislature, in 1914. A copy of this Charter and a statement regarding the Club and its operations accompanies this report.

As will be seen from the evidence, the Winnipeg Driving Club and the Fort Garry Turf Club are merely associations of local horsemen who give occasional harness meetings among themselves. They do not own

tracks and have never made money from their meetings.

The Fairs forming the Western Fairs Association receive financial and other assistance from the Federal Department of Agriculture, as also from the Governments of their respective Provinces, and in most cases from the cities or towns at which they are held.

As a rule, there is but one meeting at each place in one year, but at several points, small meetings have, from time to time, been held; in some cases under the auspices of the Exhibition Association itself, and in others by small local Associations, which are granted the use of the Fair Grounds.

There are two circuits, known as circuit "A" and circuit "B", the first comprising the meetings held at -

Brandon,	Manitoba.
Regina,	Saskatchewan.
Saskatoon,	Saskatchewan.
Calgary,	Alberta.
Edmonton,	Alberta.

and the second, those at the smaller and less important fairs, such as Swift Current, Weyburn, Lloydminster, North Battleford, Prince Albert, and Yorkton, Saskatchewan, and at Red Deer and Camrose, Alberta.

These meetings comprise both harness and running races, the former generally predominating. The races take place at the same time as the Fairs, and form a popular attraction, the public paying no extra charge for admission thereto.

Prior to 1917 the Pari-Mutuel machines had, in practically all cases superseded other methods of betting, the percentage derived therefrom forming in each case part of the general revenue of the Exhibition Association, thus indirectly assisting the latter to increase the size of the purses offered.

Before the adoption of the Pari-Mutuel system the monies derived from the bookmakers were applied in the same way.

As will be seen from the evidence, there was a difference of opinion among the Managers of the larger Fairs as to the relative importance of this source of revenue.

Mr W.I. Smale, Manager for the last ten years, of the Manitoba Provincial Fair, at Brandon, appearing at the Winnipeg hearing, stated that bookmaking was in vogue when he became Manager and that he understands some system of betting had been the practice ever since the Exhibition was organised. A change was made to the Pari-Mutuel system in 1914 and there had been a

marked decrease in the amount of money bet during the period between 1914 when this change was made, and 1917, when public betting was prohibited.

He attributed this falling off in the amount of betting to the unpopularity of the Pari-Mutuel machines, as compared with bookmaking, while at the same time affirming that he personally, is in favour of the Pari-Mutuel system and would like to see it continued. He further stated that, in his opinion, the quality of the racing had not deteriorated as a consequence of the abolition of betting, and that, on the contrary, there had been decided improvement in that respect.

The experience of Mr D.T. Elderkin, Manager, since 1913, of the Regina Agricultural and Industrial Exhibition Association, has been somewhat similar to that of Mr Smale. There was a distinct falling off in the amount of money bet from 1913, when the Pari-Mutuel machines took the place of bookmaking, to 1915, the last year in which they were operated. Owing to the decrease in revenue from this source there was no provision for public betting in 1916.

Mr Elderkin does not attribute this falling off to the unpopularity of the Pari-Mutuel machines, but to the war and crop conditions. The crop outlook was especially bad at the time his Fair was held in 1915.

In this connection, it is worthy of note, that his financial statements also show a very considerable decrease in the amount of money offered for purses; the figure for 1913 being \$16,000, as against \$6,850 in 1916, and \$8,875 in 1919.

He has not observed any difference in the quality of the racing, or of the horses entered.

At the Calgary hearing, held on October 20th, Mr E.L. Richardson, who has been Manager of the Calgary Exhibition Association for the past eighteen years, testified that since 1911, the Pari-Mutuel system has been used, although during the meetings held in that and the following year, bookmaking was also practiced.

From 1913 to 1917, the Pari-Mutuel system only was employed and, in the opinion of Mr Richardson, the change was beneficial in every way; the races having shown a great improvement, and conditions generally being more satisfactory. He claimed that under the Pari-Mutuel system the public safety is assured, while at the same time, an opportunity is afforded of taking a special interest in the races. He also held that the money derived from the operation of the machines enables the Association to offer a better programme for the public, and more assistance to the horsemen, which is now more important than ever, on account of the greater

expense in training horses and conducting races.

While disclaiming any personal knowledge of illegal betting, Mr Richardson stated that he understands there is a good deal of hand-book betting carried on, especially since the discontinuance of the open betting.

Mr F.A. Johnston, First Vice-President of the Calgary Exhibition Association, fully corroborated the evidence of Mr Richardson, especially in regard to the improvement in conditions which had followed the elimination of bookmaking and the adoption of the Pari-Mutuel system of betting.

Mr A. McKillop, a Director of the Calgary Exhibition Association, also endorsed Mr Richardson's views, stating that from his long experience as an owner and breeder of horses, he considered the Pari-Mutuel system the most desirable form of betting.

Mr William J. Stark, Manager for the past eight years of the Edmonton Exhibition, also gave evidence at the Calgary hearing. The change from bookmaking to the Pari-Mutuel system of betting took place at Edmonton, in 1913. Mr Stark expressed himself as being very strongly in favour of the Pari-Mutuel system as compared with bookmaking, for the same reasons as were adduced by Mr Richardson.

He further stated that since betting was eliminated in 1917, his Association had found it necessary to reduce the amount of the purses and that there had been a consequent deterioration in the quality of the horses competing.

On being asked for his views as to the statements in this regard, made by Mr Smale of the Manitoba Provincial Fair, and Mr Elderkin, Manager of the Provincial Exhibition, at Regina, Mr Stark gave it as his opinion that, in the absence of facilities for public betting, hand-booking had been going on at these places. He stated that, after the passage of the Order-in-Council prohibiting betting, hand-book men immediately became active in Edmonton, and that this was corroborated by the Police Department of that City.

With the exception of Mr Elderkin, who has had no experience with bookmaking, the Managers of these larger Fairs were unanimous in declaring that the discontinuance of bookmaking and the adoption of the Pari-Mutuel system of betting had brought about an immediate and marked improvement in the conditions surrounding racing. The undesirable race track follower was entirely eliminated, the public was freed from the importunities of touts and others of that class, while the machines being absolutely impartial stake-holders, there was no influence at work to interfere with honest racing.

All, including Mr Elderkin, agreed that the racing programme constituted one of the most popular attractions and was largely responsible for greatly increased attendance at the Fairs.

Their evidence also clearly indicates that while, in the case of Brandon and Regina, the Pari-Mutuel Machines were not considered profitable, their use did not constitute an objectionable feature, and that as stated by Mr Smale, no difference in that regard was discoverable after their discontinuance by the Associations.

In this connection, the evidence of Mr Stark, as to the absence of evil effects from the operation of the Pari-Mutuel machines and the attitude of the directors of his Exhibition, who are business men of Edmonton, and not horsemen, is especially interesting.

No one appeared at the Western hearings on behalf of the Saskatoon Exhibition Association, but a statement has since been secured from Mr J.O.Hettle, the Manager of that Fair, which is appended, as Exhibit No. 11, to Volume 4, of the Report of Proceedings.

From this statement it will be noted that race meetings have been held in connection with the

Saskatoon Industrial Exhibition since 1913, and that in the first two years bookmaking was allowed; the book makers paying the Association \$4,000 per year for the privilege of operating.

In 1915 a change was made to the Pari-Mutuel system, the revenue from this source being, however, comparatively negligible during the two years in which it was operated. This low revenue doubtless accounts for the lack of interest evinced by the Saskatoon Association. No opinion is advanced by Mr Hettle as to the comparative merits of the different methods of betting.

The Statements, regarding Race Meetings, as submitted by the Managers of these larger Fairs in the Prairie Provinces, have been appended as Exhibits to Volume No. 4, (Proceedings in Western Canada) as follows:

Provincial Exhibition,	Brandon, Man.,	Exhibit No. 4.
Provincial Exhibition,	Regina, Sask.,	Exhibit No. 4-A
Calgary Industrial Exhibition,	- - - -	Exhibit No. 7
Edmonton Exhibition Association Ltd.,	-	Exhibit No. 10
Saskatoon Industrial Exhibition Ltd.,	-	Exhibit No. 11.

At my request, Mr George W. Hill, Chief of Police, of the City of Edmonton has furnished a statement embodying, as the result of a life-long experience, his observations and opinions in connection with race

meetings and race track betting.

This statement will be found appended as Exhibit No. 13, to Volume 4, of the Report of Proceedings.

CHINOOK JOCKEY CLUB:

On reference to the evidence of Mr A.E. Cross, at the Calgary hearing, on October 20th, 1919, it will be seen that a number of horse breeders and others interested in horses, had, prior to the war, organized a Racing Association, at that point, known as the "Chinook Jockey Club". A site was purchased, a Dominion Charter obtained and considerable work done, involving an expenditure of \$35,000.00 Operations were suspended in 1914, and, according to Mr Cross, in the event of public betting being prohibited, this organization, of which Mr George Lane is President, will, in all probability, sacrifice the money already invested and abandon the project.

This course, if completed, would be one mile. The only other completed mile track, west of Winnipeg, of which I have knowledge, is the Miners track, formerly operated by the British Columbia Thoroughbred Association of Vancouver.

Copy of the Charter of the Chinook Jockey Club, a list of Directors, and a statement furnished

by Mr Cross, will be found appended as Exhibit No 9, to Volume No. 4, of the Record of Proceedings.

At the Winnipeg hearing, Mr Charles G. Stewart, appeared on behalf of the Social Service Council, while Mrs R. T. McWilliams presented the views of the Local Council of Women, on legalized betting. The submissions of these two witnesses appear on pages 752 to 755, of the Evidence. (Volume No. 4).

At Regina, Mr Reekie, Secretary of the Social Service Council, represented that body before the Commission; the statement presented by him appearing as Exhibit No. 6, to Volume No. 4, of the Record of Proceedings. The views of the Social Service Council were endorsed at this hearing by the Rev. E.W. Davidson, and the Rev. Dr. McKinnon of the Ministerial Association.

At the Calga. hearing, Mr A.D. Mahaffy presented a statement on behalf of the Social Service Council, which was endorsed by Canon James, representing the Ministerial Association of Calgary. Mr Mahaffy's statement appears as Exhibit 8, to Volume No. 4, (Proceedings in Western Canada).

At the Regina hearing, Colonel D.S. Taablyn, late Director of Veterinary Services, General Headquarters Canadian Section, on the Western Front, and Chief Veterinary Inspector for Saskatchewan in the

Health of Animals Branch, Federal Department of Agriculture, gave interesting evidence as to the importance of Thoroughbred blood in horses for army use.

Testimony as to the value of the Thoroughbred horse for crossing purposes was also given at Regina, by Messrs J.A. Wetmore, and Mr J.F. Lunny.

At Calgary where horse breeding has long been a prominent industry, Messrs P.A. Johnston, A. McKillop, E.D. Adams, A.E. Cross, Osborne Brown, H.B. Alexander, B.S. Michell, and other witnesses gave evidence as to the value and importance of pure Thoroughbred blood and the necessity of racing being continued as the only means of maintaining and perpetuating the good qualities which distinguish horses of this breed from all others.

The evidence bearing on this aspect of the inquiry, as given at the various hearings, is dealt with in a special section of this report, which will be found at pages 100 to 101.

BRITISH COLUMBIA.

At the opening of the hearing, at Vancouver, on October 23rd, 1919, Mr R.L.Maitland, legal representative for the Social Service Council of Canada, made the following statement:

"I have received instructions from Toronto to appear on behalf of the Social Service Council of the Dominion of Canada before this Commission. I understand they have been represented in the East. My instructions, I may say, are very brief and very meagre. I take it, however, from perusing these instructions, that they have no objection to take, no exception, to horse-racing as a sport; in fact if I read the instructions handed me to me correctly, they are of the opinion that clean healthy sport should be encouraged, and apparently, further, they have no objection to betting as between individuals at the race-course. I understand their position is that there has been considerable abuse of the Criminal Code as it stands at present. As far as my work here is concerned I will attempt to show that that was the case here at Minoru Park. I also propose to produce police evidence to show the general effect of Minoru Park as it was carried on in the City of Vancouver."

VANCOUVER JOCKEY CLUB:

Mr Robert Leighton stated, in evidence, that this Club, which was organized in 1895, continued from that date to hold race meetings on grounds at Hastings Park, leased from the City of Vancouver by James A. Fullerton and himself, until after the

racing season of 1908.

On the organization of the Vancouver Exhibition Association, in 1909, the lease under which the Jockey Club had operated was cancelled and the Exhibition Association was given exclusive rights to the use of the grounds at Hastings Park.

The Vancouver Jockey Club had an incorporation of \$25,000; 5,000 shares at \$5.00 each. It was never operated for profit and was never in a position to declare a dividend, being simply an amateur organization for the furtherance of sport and the encouragement of racing and breeding.

VANCOUVER EXHIBITION ASSOCIATION:

Mr William C. Brown, who appeared as a Director of the Vancouver Exhibition Association, stated in evidence, that the Association has, since 1910, the first year in which a fair was held, conducted, usually in conjunction with the Exhibition, race meetings, generally of one week, but sometimes of two weeks duration. No public betting is permitted; a clause to that effect being embodied in the lease from the City. The races are mostly harness races, there having been an average of about one running race each day. No entrance fees are charged for running races. The purses are small, averaging from \$150 to \$200.

, although in each of the last two years there has been one race called a "Derby" for which the purse offered was \$500.

Mr Brown was instructed by his Board, which had passed a resolution to that effect, to inform the Commissioner that the Association did not desire to have betting in connection with its races. Mr Brown stated that to be the opinion of the Board, but that his personal opinion might be different.

VANCOUVER DRIVING CLUB:

Mr William C. Brown, as President of the Vancouver Driving Club, also gave evidence regarding that organization. He stated that it was purely an amateur Association composed of lovers of the harness horse, its meetings being held on the Exhibition Grounds at Hastings Park. It had no Charter and offered no purses owing to the lack of gate money which he attributed to the absence of betting.

He gave it as his opinion that while both the Exhibition Association and The Driving Association had done something to stimulate the production of better horses, the majority of the members of the Driving Association were in favor of properly conducted public betting

under Government supervision and control, as they thought it would greatly benefit the breeding of both the Standard Bred Trotter and the Thoroughbred. He stated that he would not like to see a return to conditions as at Minora Park, which killed public sympathy with racing, to the extent that the citizens rose up and put a stop to it.

BRITISH COLUMBIA THOROUGHBRED ASSOCIATION: (Minora Park)

Evidence in regard to this organization, generally known as the Minora Turf Club, was given by the following witnesses:

Mr M.W.Brighthouse, owner of the land on which the race course is situated on Lulu Island, in the Municipality of Richmond, about nine miles from the City of Vancouver, and to whom the property, which was held under a fifty year lease has now reverted owing to non-payment of rent and taxes.

Mr Robert Leighton, Racing Secretary and Clerk of the Scales at Minora Course when it was being operated:

Captain T.J.Wellman, Presiding Steward at Minora:

Mr James A. Fullerton, formerly connected for many years with the Vancouver Jockey Club and later Director and Associate Judge at Minora:

Mr L. George Lindsay, Secretary of the Miners Turf Club, from its inception in 1909 until after the last meeting held in 1914.

The facts as gleaned from the evidence and the documents secured by the Commission are as follows:-

After the cancellation, in 1908, by the City of Vancouver, of the lease of Hastings Park, under which the Vancouver Jockey Club had there carried on racing, Mr Robert Leighton and others interested in the sport, began to cast about, with the view of securing a suitable location for the establishment of a new race course. It was, at first, the intention to obtain the necessary capital from a Mr Irving H. Whitcroft, a wealthy resident of the United States, of English birth, having at that time large interests in British Columbia.

Mr Whitcroft was the owner of a racing stable and as legislation adverse to racing was about to be introduced in many States, including California and Washington, he contemplated removing his racing and breeding establishment to British Columbia.

While Mr. Leighton, on the strength of Mr. Whitcroft's interest in the project, was looking for a suitable site on which to establish a race course, Mr H.E. Springer, then of Vancouver, became interested

in the scheme, and together, he and Mr Leighton selected the site on Lulu Island and took the initial steps towards securing the property and obtaining letters of incorporation.

Mr Whitcroft was at that time absent from the Province in connection with other matters, and Mr Leighton had to go to California to fill racing engagements there; the matter was, therefore, left in the hands of Mr Springer and Mr J.H. Senkler, who was acting as legal adviser. Mr Springer, at this juncture suggested that if Mr Whitcroft did not care to entertain the proposition, he would undertake to finance it in Vancouver, and this being agreed to by Mr Leighton, a syndicate with that object was organized by Mr Springer and his brother, Mr F.B. Springer, since deceased. This syndicate comprised a number of the then prominent, reputable, and more or less wealthy residents of Vancouver. These were all Canadians, no American or other foreign capital having been interested ⁱⁿ the enterprise.

The British Columbia Thoroughbred Association was duly incorporated in June 1909, under the Joint Stock Companies Act of British Columbia with

a capitalization of \$225,000 divided into 2,250 shares of \$100 each. The principal share-holders were H.E.Springer, F.B.Springer, C.H. Harpole, A.E.Suckling and Charles Lewis, who, with about eighty five other smaller holders subscribed for a total of 1813 shares, this being apparently the entire number of shares issued from time to time during the life of the Company.

A copy of this Charter, and of the Articles of Association, together with a list of Share-holders, as furnished in the returns made to the Provincial Government, are appended to Volume 4 of the Evidence, as Exhibit No. 16.

The first meeting was held at Minoru in 1909, continuing for about forty days. At this meeting, as in that of 1910, book-making was the system of betting used. In 1911 ten Pari-Mutuel machines were installed, the number being later increased to seventeen. On the introduction of the machines, bookmaking was entirely abolished. I have been unable to ascertain what the bookmakers paid for the

betting privileges in 1909 and 1910, but the Association apparently retained ten percent of the Pari-Mutuel pools from 1911 to the end of 1914.

The evidence shows that in 1910 there were 28 days racing at Minera, conducted under the name subterfuge of using two different Association names. In 1911, or 1912, a decision was obtained from Mr Chief Justice Hunter to the effect that the provisions of sub-section 2, of Section 235, of the Criminal Code, did not apply to betting by the Pari-Mutuel system, and on the strength of this ruling, meetings of varying duration, but all far in excess of the limitations imposed by the Code, continued to be held, until 1914, when after a continuous meeting of ninety days, the Attorney General of British Columbia instituted proceedings against the Association for infraction of the Criminal Code and a fine of \$500 was imposed.

The documents secured from the Deputy Attorney General, at Victoria, with regard to this indictment, will be found appended as Exhibits No. 16 and 16-A to Volume No. 4, of the Record of Proceedings.

The total capital investment of the Association was \$274,277.65, with a share capital of \$181,300; the balance being apparently derived from profits, invested in the plant. Only two dividends were paid, one of 25% in 1912, and one of 30% in 1913, a total of about \$100,000.00.

The only definite information available as to the finances of the Company is that found in certain annual returns furnished to the British Columbia Government to meet the requirements of the Companies' Act. Of these returns, only that made under date of February 24th, 1914, covering the operations for the year 1913, gives any definite detailed information. A copy of this statement will be found appended to Volume 4, of the evidence, as Exhibit No. 16.

The Company having ceased operations after the conviction of 1914, no further returns were made to the Provincial authorities, and although every effort was made to secure possession of the books containing the financial records for that year these proved to be unobtainable.

It is probable, however, that there were no profits in 1914, the collapse of the boom in real estate, the advent of the war, and the cumulative dissatisfaction of the people of Vancouver with the

conditions at the race course, which under the stress of hard times were evidently growing steadily worse, led to a marked falling off in gate receipts, as well as in the amount of money passing through the machines.

The evidence of Chief McRae, of the Vancouver City Police and that of Mr E.E. Brown indicate, that these long continued race meetings were, to put it mildly, not regarded with favour by the respectable elements of the community.

As a matter of fact, although there are in Vancouver, many keen horsemen and lovers of good clean racing, it is very difficult to find anyone who has a good word for Minoru, or who would like to see racing resumed there, under the conditions which prevailed in 1914.

The evidence of Mr W.A. Fullerton, a Director and Associate Judge at Minoru, indicates that towards the last, the operation of the Pari-Mutuel machines was not above suspicion and that there was a good deal of dissatisfaction on that account. The quality of the racing, apparently none too good at any time, deteriorated; purses became smaller, there was evidently increasing difficulty in financing, the owner of the property being unable to collect his

rent, and the meeting being prolonged into October, the weather became unfavourable for racing as well as for attendance.

After the prosecution and conviction for infraction of the Criminal Code at the Fall Assizes in 1914, the Association appears to have died a natural death. Early in 1916, Mr H.E. Springer the principal promoter of the enterprise, and who was Managing Director throughout its entire history, left Vancouver, and at the date of hearing on October 23rd, was still absent from that City.

The horses participating in the events at Minoru during the period of its operation were nearly all of American breeding and ownership, the number of such horses in attendance at one time being, according to the evidence of Mr Leighton, five hundred and seventy two. This witness, although unable to make a definite statement, roughly estimated the proportion of Canadian owned or bred horses at ten per cent of the whole. He stated however, that the number of breeders and owners of Thoroughbreds in British Columbia showed a marked increase during the period when racing was going on at Vancouver and Victoria, with an even more marked decrease since its cessation.

I have, perhaps, dealt with the Minoru Jockey Club at greater length than the circumstances

would seem to warrant, particularly as it is no longer in operation.

The attention given to it is, nevertheless, to my mind, fully justified, as the history of this venture affords an excellent example of the undesirable results likely to follow the holding of long continued race meetings, especially under weak or irresponsible management.

At the Vancouver hearing the Reverend Arthur E. Roberts, Secretary of the Social Service Council of Canada, for British Columbia, was called as a witness by Mr R.L. Maitland, counsel for that organization. Mr Roberts stated that while all the members of the Social Service Council in British Columbia approved of the development of the Thoroughbred horse and realized that clean horse racing was an asset to the community, they were, unalterably opposed to legalized betting and race track gambling.

Evidence was given by Chief of Police McRae and Captain T.J. Wellman, in reference to hand booking and other illegal betting practices. This subject is specially dealt with elsewhere in this report.

Statement of Chief McRae appears as Exhibit No. 14 to Volume No. 1, Record of Proceedings.

BOWKER PARK COMPANY LIMITED:

At the hearing, in Victoria, on October 25th, 1919, the first Association dealt with was the Bowker Park Company Limited. Evidence was given regarding this Association by W.J. Taylor, K.C., a shareholder. He stated that certain property in Victoria, having become subject to Court Sale, he induced some twenty men to join with him in the project whereby this land was acquired for the sum of \$20,000. Each member took one share, payable in ten instalments, the actual cash being borrowed from a loan company. The property was converted into an amusement park for cricket, polo, racing, and similar sports and was in operation for several years, the Agricultural Association being allowed to hold their race meetings and exhibitions there, without charge.

Later, it was sold to the City of Victoria and has since been used as a Fair Ground by the Exhibition Association.

The sale to the City did not include the Charter of the Bowker Park Company which is still in existence, although non-operative. A copy of this Charter is appended as Exhibit No. 17, to Volume 4 of the Record of Proceedings.

VICTORIA COUNTRY CLUB:

Documents relative to this Club, secured from the office of the Provincial Registrar, at Victoria, indicate that it was incorporated under Letters Patent from the British Columbia Government, in April 1909, with a capitalization of \$100,000.00 divided into one thousand shares of \$100 each.

As in the case of the British Columbia Thoroughbred Association, the only financial records available are those embodied in the returns made by this Club to the Provincial Government under the Companies Act, the latest of these being under date of February 4th, 1913 and covering the operations of 1912.

The Club apparently made no profit after 1909, when a dividend of 41¢ was paid.

The Club was later struck off the Companies' Register of British Columbia, on account of the non-filing of the returns for 1913.

Copies of the Letters of Incorporation, the Articles of Association and of the returns above referred to, are appended as Exhibit No. 18 to Volume No. 4, of the Record of Proceedings.

No races have been held under this Charter, since 1913. Mr George Fraser, who was Managing Director

is no longer a resident of Victoria and none of the officers attended the hearing, or could be located.

In the Parliamentary Inquiry of 1910, (Exhibit No. 5 to Volume No. 1, full evidence was given with reference to the prolonged meeting held under the auspices of this Club in 1909.

There was no racing in 1910, but in 1911 there was one meeting of seven days duration. In 1912 the Victoria Country Club gave one meeting of fourteen days, while five days mixed racing took place under the auspices of the Exhibition Association, making apparently a continuous meeting of nineteen days. Again in 1913, the same arrangement was carried out, namely fourteen days racing by the Victoria Country Club and five days racing by the Exhibition Association. No racing has apparently taken place in Victoria since 1913.

At all these meetings Pari-Mutuel betting was carried on, and except for one bookmaker, who in the year 1911 competed unsuccessfully with the Pari-Mutuel machines, this system was exclusively used.

Archibald M. Johnson, K.C., Deputy Attorney General for British Columbia, appeared at the Victoria hearing, at my request, and gave evidence regarding the indictment against the British

Columbia Thoroughbred Association in 1914. Mr Johnson has since, also rendered valuable assistance in the tracing of Letters of Incorporation, and documents of various kinds filed with the Government of British Columbia, relative to the several Racing Associations which have, from time to time, operated in that Province.

At Victoria, the Reverend William Clay, was called by Mr Hattland and testified on behalf of the Social Service Council. He stated that the attitude of the Council was not opposed to racing, or to private betting between individuals, but that their campaign was directed against commercialized gambling.

Dr Clay testified also as a Minister of the Presbyterian Church that, "The whole attitude of that Church, as expressed in the resolution of the General Assembly, is strongly adverse to the commercialising of what is otherwise a legitimate and manly sport and a proper business for the country, namely the breeding of horses".

A copy of a resolution passed by the Synod of the Presbyterian Church in British Columbia, comprises which/all the Presbyteries within the Province, was presented by counsel during the progress of Dr Clay's

evidence, and is appended as Exhibit No. 15 to Volume No. 4 of the Board's proceedings.

Mr Clarence Harris, of Victoria, appeared as representing the "Veterans League" or "Citizens League" of Victoria; an Association having similar aims to those of the Social Service Council with which it has now been merged. Mr Harris was asked to put his evidence and opinions in the form of a written submission. This has since been received, and will be found appended as Exhibit No. 13 to Volume No. 4 of the Record of Proceedings.

Evidence was given, at Victoria, by Mr. W.J. Taylor, K.C., who formerly conducted a large breeding establishment on Vancouver Island, as also by Mr W.H. Cochrane, for a number of years engaged in horse breeding in Alberta, and by Mr James McOleave, an horseman of Victoria, as to the value of Thoroughbred blood in the breeding of horses, not only for military purposes, but for general use. Very strong opinions are held, in this regard, by all three of the gentlemen named. This subject is dealt with under a special head, elsewhere in this report.

Attention is drawn to the evidence of Mr. W.J. Taylor, and to that of Mr W.H. Cochrane (see pages 909, 915, and 916) as well as to that of Mr James A. Fullerton, at Vancouver, as to the advantages of the

Pari-Mutuel system as compared with other forms of betting.

The evidence at Vancouver and Victoria indicates that a number of the witnesses expressed themselves as being in favour of public betting carried on under reasonable regulation and proper control, notable among these being the statements of Mr James A. Fullerton and Mr W.C. Brown, at Vancouver, and Mr W.J. Taylor, K.C., at Victoria.

On the other hand, the attitude in this regard of the Directors of the Vancouver Exhibition Association, and the submissions of the representatives of the Social Service Council and of the Ministerial Association, at both Vancouver and Victoria, are worthy of note.

It is very evident that the experience of the long continued race meeting, held by the Victoria Country Club, in 1909, has left among the better elements in the City an adverse sentiment in regard to racing, very similar to that existing in Vancouver as an aftermath of the operations at Kinross.

ONTARIO AND WESTERN QUEBEC.

Having dealt with the conditions in Eastern and Western Canada, we now come to that portion of the Dominion in which the question of racing and the authorization of public betting on race courses, constitute a live present-day issue.

At the time of the Amendment to the Criminal Code, in 1910, there were in actual operation, in central Canada, only six race courses on which running race meetings were held.

These were,-

- The Goodbins Course of the Ontario Jockey Club.
- The Blue Bonnets Course of the Montreal Jockey Club.
- The Hamilton Course of the Hamilton Jockey Club.
- The Port Erie Course of the Niagara Racing Association.
- The Windsor Course of the Windsor Jockey Club.
- The Metropolitan half mile Track of A. Orpen, Toronto.

Under the amendments to the Code, as finally passed, each of these race courses was empowered to hold, in each year, two meetings with public betting, such meetings not to exceed in duration seven days each, with an interval of not less than twenty days between them.

As matters then stood therefore, the actual racing season for the territory lying between Montreal

and Windsor was limited to eighty four days, and at Toronto only was it possible to have in any one year, more than fourteen days racing with betting privileges.

The arrangement was, on its face, a reasonable one, and although some racing men would doubtless have preferred longer meetings and more of them, its adoption was very generally approved.

Matters did not, however, long remain as they were at the date of the Amendment. The period was a very prosperous one in Canada, money was plentiful, racing was a popular form of amusement, and the law did not specifically limit the number of race courses to be operated in any locality. It is therefore not surprising that many new race courses came into existence during the period between 1910 and 1917, when the Order-in-Council prohibiting betting for the duration of the war and for six months thereafter, was passed.

Old, as well as new Charters, were in keen demand and although the Code was again amended in 1913, with a view to checking the traffic in these instruments, the number of race courses continued to increase.

The movement was, no doubt, stimulated by the fact that racing in the United States had suffered a severe check, through the adoption, by several of the States bordering on Canada, of legislation prohibiting public race track betting. As a result of this action, many American horsemen and owners of race courses in that country, saw in Canada a field in which they might continue to operate, even if on a smaller and more restricted scale than that to which they had been accustomed.

As will be seen from the evidence submitted herewith, men of these classes are interested to a greater or less extent, either directly, or through Canadian representatives, in several of the race courses dealt with in the course of this inquiry.

Among the new race courses there are, however, some, which like Connaught Park, near Ottawa, have been organized by local people, solely with the object of providing the public with clean, high class racing.

Following is a list of race courses actually in operation in 1917, prior to the passing of the Order-in-Council prohibiting betting, above referred to: -

MONTREAL. (One mile)

Blue Bonnets Course of the Montreal Jockey Club.
Dorval Course of the Dorval Jockey Club.
Mount Royal Course of the Back River Jockey Club.
Kempton Park Course of the Kempton Park Jockey Club.
(Not incorporated; racing conducted
under Charter of Sherbrooke Racing
Association).

(Half mile)

Delorimier Park Course of the Montreal Driving Club.
Maisonneuve Course of the Maisonneuve Driving Club.
King Edward Park Course of the King Edward Park Hockey
Club.

OTTAWA. (One mile)

Connaught Park Course, of the Connaught Park Jockey Club.

TORONTO. (One mile)

Woodbine Course of the Ontario Jockey Club.
Thorncliffe Park Course of the Thorncliffe Park Racing
Association.

(Half mile)

Metropolitan Course of the Metropolitan Racing Association
Hillcrest Course of the Toronto Driving Club.

HAMILTON: (One mile)

Hamilton Course of the Hamilton Jockey Club.

FORT ERIE. (One mile)

Fort Erie Course of the Niagara Racing Association.

WINDSOR. (One mile)

Windsor Course of the Windsor Jockey Club.
Kenilworth Course of the Northern Riding and Driving
Company (now the Kenilworth Jockey Club)
Devenshire Park Course of the Western Racing Association.

Under the existing conditions, therefore, it is possible to hold in Montreal alone, ninety eight (98) days racing in one year; in Toronto, fifty-six(56) days, and in Windsor forty-two (42) days, or, including the remaining three tracks at Ottawa, Hamilton, and Port Erie, a total of two hundred and thirty eight (238) racing days in one year in Central Canada.

In reporting on these various organisations, I have dealt with each one as an individual entity, giving a brief sketch of its history, operations and financial position, and quoting from, and referring to the Evidence when this bears on any point, which, in my judgment, is worthy of special note.

The evidence itself accompanies the report and the Exhibits and other documents pertaining to each Club, including copies of Charters, financial statements, and written submissions, are also presented herewith, enclosed in an envelope duly numbered and marked with the name of the subject organization.

The order followed is that in which the respective cases were dealt with at the hearings.

At the Ottawa hearing, on September 23rd, 1919, Mr D.L. McCarthy, M.C., appeared for the Canadian Racing Association, which is composed of six Clubs, namely:

The Ontario Jockey Club, Toronto, Ont.
The Montreal Jockey Club, Montreal, Que.
The Connaught Park Jockey Club, Ottawa, Ont.
The Hamilton Jockey Club, Hamilton, Ont.
The Niagara Racing Association, Fort Erie, Ont.
The Windsor Jockey Club, Windsor, Ont.

He stated that the object of the Association is the betterment of racing by making the sport clean and regulating and governing those Clubs which form its membership. A copy of the Rules and Regulations of this Association and of its "Rules of Racing and Steeplechasing" were, at a later hearing at Toronto, filed with the Commission by the Secretary Mr G.P. Fraser, and appear as an Exhibit appended to Volume No. 1 of the Record of Proceedings.

In this connection it may be noted that the Dorval Jockey Club of Montreal and the Kenilworth Jockey Club of Windsor, while not members of the Canadian Racing Association, race under its rules,

and arrange their dates so as to secure the horses from the Association circuits.

Mr W.E.Raney, K.C. appeared for the Social Service Council of Canada, which he stated was a Federation comprising a considerable number of units, including, - The Church of England in Canada; the Methodist Church in Canada; the Presbyterian Church in Canada; the Baptist Church in Canada; the Congregational Church in Canada; the Salvation Army; the Dominion Grange and Farmers' Association; the Dominion Women's Christian Temperance Union; the National Council of the Young Men's Christian Association; the Canadian Council of Agriculture, and some dozen other organizations; he stated that the Social Service Council did not oppose racing either as a sport or as a test of the mettle or endurance of the Thoroughbred horse, but that it took objection to the exception made by the Original Code which legalized race track betting.

He put in evidence, a letter addressed, on September 12th, 1919, by the Reverend Charles L. Inglis, Chairman of Legislation, of the Social Service of Canada, to the Prime Minister, objecting to the Commissioner appointed in this Inquiry, quoting in support of his objection, the evidence of the latter in 1910, before the special Parliamentary Committee, on Bill No. 6, relating to Race Track Gambling. This letter, together with the acknowledgment of the Prime Minister's Secretary's is appended as Exhibit No. 1 to Volume No. 1 of the Evidence.

A verbatim report of the arguments advanced by counsel at this first hearing at Ottawa, on September 23rd, 1919, will be found on pages three (3) to twenty-five (25) inclusive of the Record of Proceedings.

CONNAUGHT PARK JOCKEY CLUB.

At the first hearing in the inquiry, held at Ottawa, on September 23rd, 1919, the Connaught Park Jockey Club was the only racing association dealt with, the witnesses representing this Club being the Honourable Senator N.A. Belcourt, President, and Mr Thomas P. Gorman, Secretary.

The evidence given by these gentlemen was to the effect that the Connaught/^{Park}Jockey Club was incorporated by a special Act of the Legislature of the Province of Quebec, passed in 1911, and assented to in April 1912.

The one mile race course owned by the Club is situated in the Township of Hull, in the Province of Quebec, near Ottawa.

The capitalisation was \$200,000 divided into 2,000 shares of \$100 each, and the entire stock issue was paid^{up} by 193 stock-holders in 1912; the year of incorporation. The capital investment

in land, buildings, and equipment, has been \$228,000.00 and the dividends distributed to the 193 shareholders have amounted to \$24,468.00, being for the five years of actual racing operations an average dividend per year of \$4,893.60, or about 2.4% on the capital stock.

Racing was commenced on the Connaught Park Course in 1913, seven day meetings being held in the Spring and Fall of the years, 1913- 1914- 1915 and 1916, and a Spring meeting only in the year 1917, before the coming into effect of the Order-in-Council prohibiting betting.

Book-making was used for not more than three meetings at the outset, when the Pari-Mutuel system was installed. While at first the Club took only 3% from the Pari-Mutuel machines, which was later raised to 6% and 7%, they finally, in order to enable them to substantially increase their purses, took the maximum commission of 10%, allowed by the Quebec License Law.

It may be here noted that this 10% commission which is the maximum allowed by law in the Province of Quebec, must include the odd cents, technically known as the "breakages". These, which it is generally admitted never exceed one per cent, are in the other Provinces, usually retained by the Club in addition to the regular percentage, whatever this may

be deducted from the Pari-Mutuel machines.

The Honourable Senator Belcourt testified strongly in favour of the Pari-Mutuel system of betting as compared with book-making, he having accepted office as President, only on the understanding that the Club would, thereafter use nothing but Pari-Mutuel machines.

As will be seen from the financial statements submitted, by the President, the profit at the end of eight years, with five years racing (nine 7 day meetings) was \$43,681.56; this however, including \$22,060 received as membership fees, the actual profit on operation for the entire period being, therefore, \$21,571.56. The total profit of \$43,681.56 is an average of \$5,453.94 for the eight years, or 2.36% on the capital stock and 2.39% on the capital investment.

The total purses paid during the nine meetings, amounted to \$233,000, or an average of \$25,889 for each meeting.

A copy of the Charter, the Bylaws and Regulations, financial statements, and list of Shareholders, are appended as Exhibits, No. 4; No. 5; and No. 6; to the Record of Proceedings, Volume No. 1.

Evidence was given by Mr John A. Ritchie, Crown Attorney, for the County of Carleton, Judge McDougall of the Superior Court of the Province of Quebec, residing at Sylmer, Que; Charles H. Wright, Sheriff of the District of Hull, and A.A. McDonald, Detective on the Ottawa Police Force, bearing on the general effects of the race meetings at Connaught Park, on the surrounding community.

These gentlemen all testified that no bad results had been apparent and that the conduct of the races left nothing to be desired.

Mr. W. H. Haney, M. C., legal representative for the Social Service Council of Canada, also stated that he had heard of no abuses in connection with the management of this Club, and that its personnel as indicated by the President, the Honourable Senator Belcourt, would appear to abundantly prove the high character of the men who are behind the enterprise.

It was brought out, in evidence, that a Charter obtained from the Dominion Government, by the now defunct Ottawa Racing Association, had, together with other assets of that body, come into the hands of the Connaught Park Jockey Club.

and when the latter obtained its Quebec Charter, in 1912, the Dominion Charter was sold to Mr W. Bernard Hepburn, M.P., the consideration being mentioned being \$10,000.00

This Charter was originally granted by the Secretary of State, under Dominion Letters Patent, to the Ottawa Racing Association in 1903, and has since been acquired by an organisation known as the Western Racing Association. The corporate name was changed in 1914, and the Charter has been used for the holding of races on the Devonshire Park track, at Windsor, which is dealt with elsewhere in this Report.

MONTREAL JOCKEY CLUB:

At the Montreal hearing, on September 25th, 1919, the first Association dealt with was the Montreal Jockey Club, and Mr F.E. Meredith, K.C., appeared with Mr D.L. McCarthy, K.C., Counsel for the Canadian Racing Association, on behalf of this Club.

Mr McCarthy submitted: List of Officials and Shareholders; Balance Sheet as at December 31st, 1918; Statement of Purse and Gate Receipts, and a Statement of Purse paid to Canadian owners.

The Secretary of the Club has since forwarded, at my request, further statements, being summaries of the Revenue and Expenditure from 1910 to 1918 inclusive, these covering the gate receipts, revenue from the betting system, and disbursements in purses and operation account.

These statements, together with a copy of the Charter, are submitted with the Evidence and appear as Exhibits No. 1-A; No. 2-A; and No. 3-A; appended to Volume No. 1 of the Record of Proceedings.

These documents show that the present Montreal Jockey Club, of which Sir H. Montagu Allan, C.V.O. is President, was incorporated by special Act of the Legislature of Quebec, in 1909, at a capitalisation of \$250,000; the stock of the old Montreal Jockey Club (Limited) being absorbed into the new Company, and power given by the Act of Incorporation to issue additional stock not to exceed \$250,000, the shares having a par value of \$100 each. One hundred and forty-four (144) shareholders hold paid up stock to the extent of \$174,300. The capital investment in plant, buildings and equipment amounts to \$249,864.32, and the Club holds over \$9,700 in Canadian War Bonds. In 1915 the Association suffered some \$10,000 fire loss, and for the twelve years from 1907 to 1918, inclusive, while several years show a small profit, there is a total ^{loss} for the whole period of \$7,415.00 in Operation Account.

The Club held two seven day meetings in 1910, and the years following, until 1917, ^{when} only a Spring meeting was held owing to the passage of the Order-in-Council prohibiting betting. Up to and including 1914, the system of betting used by the Club was book-making, but at the Spring meeting of 1915, Pari-Mutuel machines were installed and used thereafter at all the meetings of the Club. In 1915 and 1916 the percentage taken from the machines was 5% and breakages, but in 1917 the 10% maximum (including breakages) allowed by the Quebec Laws was taken. In this connection the Secretary stated in evidence that the breakages would not reach even one per cent. A detailed statement of the revenue from the betting each year, from 1910 to 1917 inclusive, is embodied in Exhibit No. 3 A. which is appended to Volume No. 1 of the Record of Proceedings. It will be noted that, beginning with 1915, the year in which the change was made to the Pari Mutuel system there was a marked increase in the revenue derived from the betting. This, however, may be attributable, at least in part, to the fact that money was much more plentiful during these later years.

The explanatory statement attached to Operation Account, will explain the seeming discrepancy between the amounts shown as balances on

Operation Account each year, and the actual profit or loss, as shown in Profit and Loss Account, as depreciation, and in one year fire loss, has been deducted in each case.

Mr William Northey, Secretary Treasurer of the Club since its inception, stated in evidence that the property consisted of one hundred and sixty acres situated partially in the City of Montreal, and partially in the Municipality of Cote St. Luc. He certified to the correctness of the statements, as submitted by Mr McCarthy, and stated that the Montreal Jockey Club had never paid a dividend. He is the only salaried officer and no Directors' fees are paid.

During the course of Mr Northey's evidence, information was secured with regard to the Quebec License Law, first imposed in the year 1917, which provides that Mile Tracks, operating in the City of Montreal, or within a radius of fifty miles, of the said City, must pay a license fee of \$1,000 per day for each day of racing. Mile Tracks outside the fifty mile radius are charged a fee of \$500 per day for each day of racing.

At half mile tracks, where the admission fee is not more than fifty cents, the license duty is only three hundred dollars per day.

The special provision is however made, that in the event of any wager, bet, or pool, being recorded, received, or sold, by any other method than the Pari-Mutuel, the license fee is doubled in both mile and half mile tracks.

An interesting fact with regard to bets, or wagers, placed upon horse races was brought out by Mr. F.E. Meredith, K.C., who appeared on behalf of the Montreal Jockey Club; that while, under the Laws of the Province of Quebec, Articles 1927 and 1928 of the Civil Code provide no recovery in Court for an ordinary wager:

"There is no right of action for the recovery of money or anything claimed under a gambling contract or bet; but if the money or thing has been paid by the losing party, he cannot recover it back unless fraud be proved."

a special exception is made, borrowed from the French Law, in the case of wagers or bets placed on "exercises for promoting skill in the use of arms and of horse or foot races, and other lawful games, which require bodily activity".

At the close of his cross examination of Mr Northey, Mr W.E. Raney, K.C., stated that he had no doubt that so far as a race track can be conducted with decorum and propriety, that is with betting house privileges, the Montreal Jockey Club's track is con-

ducted with the utmost decorum and that the names of the men behind it will be a sufficient guarantee that it is a respectable Club.

KEMPTON PARK DRIVING CLUB:

Mr Frank Fleming, professional boxer, who stated that he is a resident of Laprairie, Que., appeared on behalf of the Kempton Park Driving Club.

He stated, in evidence, that an organization, called the "Kempton Park Driving Club" had conducted, in 1916 and 1917, race meetings, under the management of Mr S.W. Holman, on the one mile track known as the Kempton Park Race Course, situated at Laprairie, Que.; that he had been connected with this Club since 1916, when he entered into an arrangement with the Sherbrooke Breeding Association, whereby he secured a Charter owned by that body. He stated that he put \$20,000 into the venture and that he and Mr Holman built the track and stables.

Some agreement was apparently made by Mr Fleming with the Sherbrooke people, whereby they were to receive a proportion of any profits made at the race meetings. At least two meetings were held, managed by Holman, the betting privileges being in the hands of two local book-makers, a man named Cattarinich and another. Evidently there was no profit on these meetings, and Mr Fleming

states that after the last of these, "Holman simply quit".

Following Holman's departure, Mr Fleming became associated with a man known as "Gad" Bryan, who, he states, lives in Baltimore and has several race tracks down there, among them being the Bowie Race Track at Baltimore and the Jefferson Race Track at New Orleans.

The evidence is not clear whether Gad Bryan came into the project before or after the last meeting, but Mr Fleming states that "we had no money to build" and Mr Bryan built the stables and finally we made him "a partner."

Mr Fleming's evidence is vague, and at times, apparently contradictory, but having no records, his memory might easily be at fault with regard to details.

The information secured by the Commissioner since the Montreal hearing, indicates that the "Kempton Park Driving Club" has never been incorporated, but that Frank Fleming (whether or not, acting in conjunction with Gad Bryan is not apparent) secured from the "Breeders Racing Association" of Sherbrooke, Que., a certain "Declaration of Incorporation" issued under the authority of Article No. 7233 et seq, Revised Statutes of Quebec, 1909.

The Sherbrooke Racing Association was first incorporated, under Article 7233 et seq, R.S. Quebec, 1909, in June 1910; the name being afterwards changed to

the "Breeders' Racing Association" by filed resolution of certain of its members in August 1916.

A certified copy of the "Declaration of Incorporation" and of the resolution changing the corporate name is appended as Exhibit No. 6-A, to Volume No. 1 of the Record of Proceedings.

In view of the somewhat peculiar nature of these Letters of Incorporation, and of consent and authorization secured by the applicants from the Municipal Council of the City of Sherbrooke, there would appear to be grave doubts as to the legality of the Charter as used by Fleming, Holman, and Bryan.

At the meetings held at Kempton Park, absolutely no financial or other records are available. Fleming says they made no money, therefore, had no need to keep books, and the inference to be drawn from his evidence is that he simply sunk his money in the undertaking and got nothing out of it. Any buildings, or equipment, at the track, are apparently owned by Gad Bryan.

The Commissioner has been informed that the Kempton Park Race Course is situated on what is known as "Laprairie Common". This is part of the Seignery of Laprairie, owned by the Reverend Father

Jesuits, from 1660, common rights on which were granted by them in 1694 to the Syndicate of the Commons of Laprairie, and in 1812, taken possession of by the British Government (who erected barracks thereon for military purposes), and used during more recent years by the Government of Canada as a Military Camp. No information has been secured as to the authority on which a race track was built on this property.

DORVAL JOCKEY CLUB:

Mr. J. F. R. Laurendeau, the President of the Dorval Jockey Club Company, Limited, appeared for this Association, and stated in evidence, that the Dorval Jockey Club, operated under a Charter, granted in 1911 to the St. Michel Driving Club Company, Limited, this being Letters Patent under the Quebec Companies' Act. In August 1913, when the Racing Charter was secured by the present holders, the Corporate name was changed by Supplementary Letters Patent, to the "Dorval Jockey Club Company, Limited", and in July 1916, the original capitalisation of one hundred thousand dollars was reduced by further Supplementary Letters Patent, to ten thousand dollars. The one mile track is operated by the Dorval Park and Amusement Company, as part of the attractions at

Dorval Park.

About one hundred and fifty shareholders held the paid up capital stock issue of the joint companies, and the affairs of the Amusement Company are handled by Mr Laurendeau jointly with those of the Dorval Jockey Club Company.

A list of the Shareholders is appended as Exhibit No. 7/A, to Volume No 1, of the Record of Proceedings. It will be noted that S.N. Holman, interested with Frank Fleming in the Kempton Park track, holds 175 shares of the Dorval Park and Amusement Company.

Mr Laurendeau stated that only the employees were paid, there being no salaried officers.

Mr Raymond Beaudry, Secretary of this Club, has since furnished the Commission with statements covering the gate receipts, the betting revenue and the purses paid, together with the financial statements of the Dorval Park and Amusement Company. It is impossible, on account of the joint conduct of these two corporations to arrive at any accurate estimate as to the capital investment properly chargeable to the Jockey Club, but Mr Laurendeau stated, in evidence, that the Amusement Company had expended about \$400,000 on the race track and buildings, of which \$150,000 had been raised by stock subscription, but that they were still deeply in debt, and that it had never been possible to declare a dividend.

The Derval Jockey Club conducted one seven day meeting, in 1913; two seven day meetings in 1914, two in 1915, two in 1916, and one in 1917. Beginning with the second meeting in 1915, the Pari-Mutuel system of betting was thereafter used, book-making having been the system in vogue previous to that time.

The statements submitted by Mr Beaudry will be found appended as Exhibit No. 7-A, to Volume No. 1 of the Record of Proceedings, together with copies of various Letters Patent.

Mr Laurendeau stated in his cross examination, by Mr W.E. Roney, K.C., that he would be in favour of a policy by which the surplus profits from the betting would be devoted to horse breeding.

KING EDWARD JOCKEY CLUB:

Mr Alexander Desmarceau, President of the King Edward Park and Amusement Company, appeared for this Jockey Club, and testified, during the course of his evidence, to the following effect -

The half mile track, known as King Edward Park, is situated on an Island known as Isle Gros Bois, at the eastern end of the Island of Montreal, and is operated by the King Edward Park and Amusement Company, as part of the attractions at King Edward Park.

The King Edward Park and Amusement Company was incorporated by Special Act of the Quebec Legislature, on April 3rd, 1912; the original applicants being Mr J.T.R. Laurendeau (now interested in the Dorval Jockey Club and the Dorval Park and Amusement Company), and four other residents of Montreal.

The capitalization was \$750,000 divided into shares of \$5.00 each.

Sometime in 1914 the Company went into liquidation and under ^{an} arrangement whereby Mr Desmarceau acquired Mr Laurendeau's shares, he became the sole owner and is now the Company.

The first race meeting was held in 1915, two seven day meetings being held in that year, one seven day meeting in 1916, and one seven day meeting in 1917.

In 1915 book-making was the system of betting at this track; in 1916 both book-making and Pari-Mutuels were used, while in 1917 the Pari-Mutuel system was used exclusively. During the 1915 and 1916 meetings, Mr S.M. Holman, mentioned as being interested in the Kempton Park track and the Dorval Jockey Club, acted as Manager and handled the betting systems, while for the 1917 meeting Mr Gad Bryan, of Baltimore, with a partner, named O'Hara, took charge of the Pari-Mutuel machines.

Under cross examination by Mr Raney, Mr Desmarceau stated that he owned the Company and that Gad Bryan had no interest in it.

Mr Desmarcean submitted statements covering the racing operations of the King Edward Park and Amusement Company, but as in the case of Derval, the racing programme being only a part of the Amusement Company's activities, it is impossible to form any accurate estimate of the actual capital investment chargeable to the race track.

It will be noted from the Statements, which appear as Exhibit No. 4, to Volume No. 1 of the Record of Proceedings, the receipts from the book-making system of betting at the first meeting in 1915, were \$30,843.00; at the second meeting, in 1915, these receipts were \$18,652.57; at the one meeting in 1916, the revenue from the book-makers was \$10,927.65, while the Pari-Mutuels brought in \$4,646.05, a total of that meeting of \$15,573.70. At the one meeting in 1917, at which Gad Bryan and his associates conducted the Pari-Mutuel machines, the revenue turned over to the King Edward Park and Amusement Company was \$19,587.70, a considerable increase over the previous year in which the two systems were used.

The purses at the first meeting, in 1915, amounted to \$14,400, at the second meeting, 1915, to \$14,700, while at the 1916 meeting they dropped to \$13,500. The statement for 1917 does not show the

amount of purses paid, but Mr Desmarceau has since advised the Commission that the amount shown in the statement, as received from the Pari-Mutuel machines, is the balance after purses had been paid out of the betting receipts. He is not sure as to the amount of the purses at this meeting, but states they were about the same as 1916, probably about \$12,000.00. In this connection Mr Desmarceau's evidence regarding the trouble he experienced with horse owners in 1916, in the matter of purses, is interesting. (See pp. 161)

A copy of the Charter, and of the statements referred to above will be found as Exhibit No. 4/A to Volume No. 1, of the Record of Proceedings.

BACK RIVER JOCKEY CLUB:

The Back River Jockey Club, Limited, now in liquidation, was represented at the hearing by Mr Thomas J. Duggan, its former Secretary.

Mr Duggan's evidence, and information subsequently secured from him and other sources show that the Back River Jockey Club, formerly operated the mile track, known as the Mount Royal Race Course, on property leased from the Canadian Northern Railway and situated on the City boundary in St. Laurent Subdivision.

The Club was first incorporated as the "Montreal Aero Company" by Letters Patent under the Quebec Companies Act, in March, 1911, with a capitalization of \$500,000 in 5,000 shares of \$100 each.

In 1915, Thomas J. Duggan, acting in association with Mr Grant Hugh Brown, of New York, acquired this Charter and secured from the Provincial Registrar, Supplementary Letters Patent changing the name to the "Back River Jockey Club, Limited" and shortly after further Supplementary Letters Patent reducing the capitalization to \$75,000.00. T.J. Duggan promoted the Company and it is said to have secured \$52,500 worth of paid up stock for certain

parcels of land which he owned. Of the \$75,000 capital stock, only the \$52,000 acquired by Mr Duggan is shown as paid up.

In the list of Stockholders appearing on the Liquidators' Statement, (See Exhibit No. 5-A, to Volume No. 1) Grant Hugh Brown appears as holding stock to the extent of \$13,300, and T.J. Duggan as holding \$8,600. Mr Duggan stated, in evidence, that he had since acquired Brown's stock, making his total holdings \$21,900. Mr P.G. Demetre, a wealthy Greek fruit merchant of Montreal, and former Treasurer of the Jockey Club, appears on the list as holding \$10,500 worth of stock, but from Mr Duggan's evidence it would appear that Mr Demetre is the joint holder with him of some of the stock acquired from Grant Hugh Brown.

Mr Duggan and Mr Demetre accordingly had a controlling interest in the Club, when it went into liquidation, and it is a matter of common knowledge that Mr Demetre, (generally said to have secured a return on his investment) is not inclined to concern himself further as to its affairs, or assist financially in the matter of its liabilities.

A dividend of 17½% on the paid up capital stock was paid in 1916.

The Club has a long les. , of which there are about five years yet unexpired, from the Canadian Northern Railway, and has erected buildings, paddocks,

and stands; the expenditure, in this connection, according to the 1915 balance sheet, being about \$40,000, which is stated, by Mr Duggan in evidence, to have been all paid out of the earnings of the Club. Further capital investment of about \$10,000 is said to have been made in 1916, but this is apparently still owing, as Mr Duggan testified that the liabilities of the Club were in the neighbourhood of \$15,000.00. The liquidators statement shows liabilities of only \$5,662.72, the difference being probably accounted for by the additional construction of the track, which, according to Mr Duggan's evidence, is still unpaid for.

The Back River Jockey Club, held under its own Charter, two seven day meetings, in 1915, two seven day meetings in 1916, and one seven day meeting in 1917. In order to enable this Club to hold another seven day meeting, in 1917, before the coming into effect of the Order-in-Council prohibiting betting, it secured from Mr J.L. Counsell, of Hamilton, Ontario, the use of the Charter of the London Jockey Club, (then, as now, dormant) and under this Charter held a second seven day meeting on the Back River Jockey Club Track, July 26th to 31st, 1917.

The Commissioner has been unable to definitely ascertain the amount of the consideration involved in this transaction.

The only information given in the statements of the Club, regarding this last meeting, is an item in Operation Account covering the first 1917 meeting. "London Jockey Club Loss, \$5,498.08".

Mr Duggan stated in evidence that the Back River Jockey Club went into liquidation shortly after the passage of the Order-in-Council of 1917, through though the statement of the liquidators is dated May 20th, 1918.

At the two meetings held in 1915, and the two meetings held in 1916, book-making was the system of betting. the Club using what is termed a "Syndicate Ring", itself acting as banker and hiring men at so much per day to conduct the betting.

In 1917 they rented twenty Pari-Mutuel machines from the Dorval Jockey Club.

Mr Duggan stated in evidence that they were ready to instal Pari- Mutuel machines in 1917, but when they found betting was to be suspended they cancelled their order and borrowed from Dorval.

As will be seen from the statements submitted by Mr Duggan (Exhibit 5-A, Volume No.1) the revenue from the book-making, in 1915, was, for the two meetings \$106,213.54; in 1916 for two meetings, \$140,876.33, and for one meeting, in 1917, with Pari-

Mutuel machines \$62,874.85. The books of the Club afford no information as to the revenue from the betting at the second meeting of 1917.

A statement of the Purses paid at the five meetings, the gate receipts and betting revenue, a copy of the Original and Supplementary Letters Patent, Liquidators' statement and Balance sheets as taken from the Club books, are attached as Exhibit No. B-A, to Volume No. 1, of the Record of Proceedings.

It may be noted that Mr T.J. Duggan, the former Secretary of this Club was also associated with Mr Grant Hugh Breen, in the Western Racing Association, which operated the Devonshire Track at Windsor, Ont., since sold to a Mr Bradley Wilson, the representative of a newly organised company, which will be dealt with elsewhere in this report.

MONTREAL DRIVING COMPANY, LIMITED.

No one appeared at the Montreal hearing, on September 25th, on behalf of this Club, but information was subsequently secured to the following effect:

The Montreal Driving Company, Limited, was incorporated by Letters Patent, under the Quebec Companies' Act, in March, 1902.

The half mile track, formerly operated by this Club, is known as Delorimier Park and is situated in Delorimier Ward, of the City of Montreal. It was held under a lease, expired since 1917. The land is at present owned by the Canada Cement Company.

Although the Club secured its Charter in 1909, it apparently held no running race meetings until 1910. Two seven day meetings were held each year, from 1910 to 1916, when the President, Mr H.A. Dorsey, a respected citizen of Montreal, died. Mr Roy Irving of Toronto, said to be at that time associated with Mr A. Orpen, of Toronto, acted as Manager from the inception of the Club, and after the President's death, came from Toronto and conducted two meetings in 1917, before the passage of the Order-in-Council prohibiting betting.

The Company being now out of business, no financial details could be secured with regard to these meetings. Book-making was the system of betting followed at all meetings up to 1917, when Pari-Mutuels were installed. The Commissioner is informed that the betting was handled at the meetings by Mr Hare, partner of Mr Abram Orpen.

Since 1917, and the expiry of the Montreal Driving Company's lease, no meetings have been held at Delorimier Park, but it is generally said, in Montreal

that under the regime of this Club, this was the most reputable of the half mile race tracks in Montreal.

Two book-makers, of Montreal, Messrs Cattarinch and Dandurand, secured a lease of this track, in the Spring of 1919, which is said by Mr Dandurand to run for the next three years, for which period they have agreed to pay \$42,000 rental.

Mr Dandurand has further stated to the Commissioner that they have already spent a large sum of money in bringing the track into condition, and that they have allowed the horsemen to use it free of charge during the past winter, for ice races. He states that they have acquired the Charter used, previous to the passing of the Order-in-Council, by the Maisonneuve Driving Club. This is still another instance of the traffic in Charters and Letters Patent, which is made the subject of special reference elsewhere in this report.

A copy of the original Charter issued to the Montreal Driving Club Company, in 1909, is appended as Exhibit No. 6-A, to Volume No. 1, of the Record of Proceedings.

A copy of the National Jockey Club Charter, referred to above, is also appended to Volume No. 1 as Exhibit No. 7-A.

MAISONNEUVE DRIVING CLUB:

No one appeared at the Montreal hearing, on September 25th, to give evidence on behalf of this Club, and the information subsequently secured by the Commissioner with regard to its operations is summarized below :-

The Maisonneuve Driving Club, Limited, secured Letters Patent, under the Quebec Companies' Act, in May, 1915, and later operated the half mile track, within the City limits of Montreal, known as the Maisonneuve Race Track.

The applicants for incorporation, as appearing on the original Letters Patent are as follows:

Napoleon Morin, Gentleman,
Joseph H.E. Morin, Grocer.
Ureisce Sauvageau, Undertaker.
Eustache Bisselette, Contractor.
Joseph B. Bedard, Advocate.

and the Company was capitalised at \$45,000, divided into 1,800 shares of \$25.00 each.

These Letters Patent having been issued, after the Amendment to the Criminal Code of 1912, they did not entitle the holders to conduct race meetings with betting privileges. Two seven days meetings, are, however, said to have been held under

this Charter in 1916, at both of which book-making was used.

In 1917, under the Quebec License Law, Pari-Mutuel betting became imperative, under penalty of a double License fee, and in order to secure a License for racing with betting, the group, then composing this Club, is said to have acquired, from Napoleon Turcot, M.L.A., et al, a Charter granted to the National Jockey Club, Limited, and under its authority conducted two meetings in 1917, with Pari-Mutuel betting, before the coming into effect of the Order-in-Council.

A man named William Murray acted as Manager for the 1917 season, and the conduct of the racing and betting at the Maisonneuve Track, especially during the second meeting, was as indicated by the Montreal daily press of that time, of a very questionable character.

In connection with the National Jockey Club Charter, it may be noted that this was at first in the form of Letters Patent, issued under the Quebec Companies' Act, on August 3rd, 1916, to J.A.E. Letellier, Financier; Napoleon Turcot, Master-Plumber; Thomas Girard, Financier; Leon Therrien, Financier, and
Miss Jean Marsan,

Stenographer; all of the City of Montreal. These Letters Patent empowered the Club, among other things, to carry on races, "After eight o'clock in the evening "only", but did not give authority to carry on racing with betting, owing to the Amendment to the Criminal Code, above referred to. In December, 1916, therefore, a Special Act, of the Legislature of Quebec (Chapter 103, Statutes of Quebec, 7 George V. 1916), confirmed and ratified the Letters Patent, amending them, however, by the elimination of the authority to carry on races after eight o'clock in the evening.

This is the Charter said to have been acquired by Messrs Cattarinich and Dandurand, for their proposed operations at Delorimder Park. If they have acquired this Charter, the Maisonneuve Driving Club is left without any legal authority to hold race meetings with betting.

Still another meeting is said to have been held at Maisonneuve Park Track after the passage of the Order-in-Council prohibiting betting. This was called a "non-betting" meeting, and although it was not necessary, under the law, to have a Charter to hold a race meeting, without betting, the Maisonneuve people are said to have secured for the occasion, the Breeders' Racing Association Letters of Incorporation, used at Kempton Park and previously referred to in this report.

Despite the non-betting nature of this meeting, hand-books are said to have been present in large numbers.

The financial records kept by this Club could not be secured, and seem to have disappeared at the time the former Manager, Mr Murray, left.

A copy of the original Letters Patent issued to the Maisonneuve Driving Club, Limited, in May, 1915, the Letters Patent issued to the National Jockey Club, in August, 1916, and of the Special Act of the Quebec Legislature ratifying and confirming these Letters Patent, are appended to Volume No. 1, of the Record of Proceedings, as Exhibit No. 7-A.

At the opening of the Toronto hearing on October 1st, 1919, the Toronto Driving Club was the first Association dealt with.

In the course of the inquiry, into the affairs of this Club, and later in the hearing, into those of the Lufferin Driving and the Metropolitan Racing Association, it became apparent that Mr Abram Orpen, the owner of the Metropolitan half mile track, and his partner Mr Thomas Hare, constituted an important element in the control of the two Associations first named. It was, therefore, decided to report on these three Associations, in the order given above

before passing on ^{to} the larger Clubs.

The relations existing between Mr Abram Orpen, the Toronto Driving Club and the Dufferin Driving Club, respectively, are briefly summarized, as follows:

In the case of the Toronto Driving Club, of which Mr Samuel McBride is President, Mr Orpen, having acquired from Mr John McNamara and others, a lease of the property now known as the Hillcrest Race Track, erected buildings thereon, and sub-leased this property to the Toronto Driving Club for a term of years, at an annual rental of \$2,500. A special form of agreement was entered into between Mr Orpen, as the Lessor, the Toronto Driving Club, as the Lessee, and Mr Thomas Hare as the Party of the Third Part, whereby the sub-lease of the land to the Toronto Driving Club was implemented, and Mr Thomas Hare was granted the sole right to all betting privileges in connection with both trotting and running races conducted on this track. On the other hand, Mr Hare contracted to provide the purses for competition at any and all running races at race meetings conducted on the premises, up to the sum of \$2,400 per day, for fourteen days in each calendar year during the currency of this lease.

A copy of the agreement in question is appended to Volume No. 2, of the Record of Proceedings, as Exhibit No. 1.

With regard to the Dufferin Driving Club, Mr Orpen and Mr Hare have apparently a somewhat similar, but verbal, arrangement, whereby Mr Orpen allows the Club the free use of the Metropolitan Race Track for its trotting race meets, and in the event of the Club being unable to pay its purses from the amounts received from privilege money, and gate and other receipts, exclusive of betting, Mr Hare makes up the required amount. As in the case of the Toronto Driving Club, Mr Hare has the betting privileges and conducts all the betting at the Dufferin Park Driving Club meetings.

The Metropolitan Race Track is owned, or leased, by Mr Orpen, who conducts thereon running race meetings under the Charter of the Metropolitan Racing Association.

TORONTO DRIVING CLUB:

Mr Samuel McBride, President, appeared on behalf of this Club, which holds both trotting and running races on the Hillcrest Racing Track.

The Driving Club proper was incorporated in 1902, under Chapter No. 211, of the Revised Statutes

of Ontario, 1897, entitled "An Act Respecting Benevolent, Provident, and other Societies .

At that time the Club held its meetings on property owned by the Dominion Government, but which was later sold to the City of Toronto. The meetings were afterwards held at the Exhibition Grounds, where there was no expense and no revenue.

When the City took over the Exhibition Track, the Club moved to the Dufferin Park Track where meetings were also held without expense. In 1911 the Toronto Driving Club held its first running race meeting, but some question arising as to the legality of the Charter for this purpose, the Incorporation papers, and rules and regulations, were submitted to the Attorney General, the late Honourable J. J. Foy, and stated to be satisfactory.

After the amendment to the Criminal Code, in 1912, changing the conditions as regards incorporation, the Club was obliged to vacate the Dufferin Track, and it thereupon entered into an agreement with Mr Abram Orpen, for a sub-lease of the twenty acres of land leased to him by Mr John McHamara and others. This property, which has since been used by the Toronto Driving Club for its trotting and running races, is known as the Hillcrest Track.

The terms of the agreement with Mr Orpen and his partner Mr Thomas Hare, have already been outlined. This agreement, which, since the Toronto hearing, has been forwarded to the Commissioner by Mr McBride, appears as Exhibit No. 1 to Volume No. 2, of the Record of Proceedings, together with certified copy of the Charter and statements of the Treasurer up to the end of 1918.

It will be noted that the original agreement above referred to expired on November 1st, 1917, although the evidence of Mr Orpen indicates that this has been renewed.

Mr McBride stated in evidence that the Toronto Driving Club entered into an agreement of this kind because of the fact that while it was an incorporated Company it had no shareholders; was simply a Club with officers, an executive committee of from three to five members, and members, active and non-active; the membership fees being \$10.00 for active and \$5.00 for non-active members.

He stated that the men connected with the Toronto Driving Club, who are among the most respectable in the City of Toronto, are not in it for the amount of money they receive; that not one of them has received a cent, other than a small honorarium to the Secretary and Treasurer, and that it has never paid a dividend.

The statements submitted by Mr McBride, the first of which is the certified statement of the Treasurer, up to the end of the year 1912 (previous to which time they have, apparently, no record) shows a balance in bank of \$5,088.65.

For the period from 1914 to 1917, inclusive, the expenditure, other than purses, totalled \$42,594.94, while the receipts were \$51,658.74, leaving a balance of \$9,063.80, out of which Mr McBride states the up-keep and repair of the track had to be made. Their cash balance, at the date of the hearing, was \$3,366.01, while the Club owns Victory Bonds to the extent of \$2,000.

Up to 1917, the gate admission fee was 50-cents, while in 1917, it was raised to 75-cents, and the Club paid the War Tax.

Mr McBride's arguments, in favour of the continuance of racing, appear on pages 188 to 191, inclusive.

During the course of his cross examination by Mr Nancy, Mr McBride stated that the Club had never made any money. He gave further information as to the agreement between the Club and the Messrs Orpen and Hare, and stated that he knew nothing as to the revenue from the betting privileges, at the race meetings.

this being, under the agreement, a matter entirely in the hands of Mr Hare, the Club getting nothing out of it, except the purses as provided.

He stated further, that the Club took the gate receipts, the refreshment privileges, the programme privileges, and out of that paid all the help, kept the track in repair and paid the annual rental of \$2,500 per year.

He personally had never received any money from Mr Hare, since the inception of the Club; he had been engaged as Judge on several occasions, for which he was paid at the rate of \$25.00 per day, and may on some occasions have received a higher rate, but never more than \$275.00 for seven days work.

He stated that the only benefit the members of the Toronto Driving Club got from the operations on the Hillcrest track was the right to use the track at all race meetings; that they received no share of the profits.

He expressed himself as favouring the book-making form of betting, rather than the Pari-Mutuel, and stated that if the money derived from horse racing (i. e. betting) was not being used to elevate either the Standard Bred, or the Thoroughbred horse, he would be opposed to it.

See Exhibits No. 1, Volume No. 2, Record of Proceedings.

Mr James McFarren, a Director of the Toronto Driving Club, also gave evidence; his cross examination by Mr Raney and Mr Orpen's own evidence later in the hearing, serving to confirm the ^{conclusion of the} latter with this Association as already set forth.

DUFFERIN PARK DRIVING CLUB:

The reputedly verbal agreement existing between Mr Orpen, his partner Mr Hare, and the Dufferin Park Driving Club, and the betting privileges on the Metropolitan Race Track, have already been outlined in this report.

Mr W.A. McCullough, represented the Club, at the Toronto hearing, on October 1st, 1919, and submitted a statement regarding its operations and embodying his views regarding racing, which is appended to Volume No 2, of the Record of Proceedings, as Exhibit No. 8.

Mr James McFarren, a member of this Club also gave evidence regarding the arrangement with Mr Orpen. The information elicited from these two witnesses as also from Mr Orpen, would indicate that

the Dufferin Park Club is an Association of harness horse men who hold meetings on the grounds of the Metropolitan Racing Association, under a verbal agreement with Messrs Abram Orpen and Thomas Hare, whereby the Club secures the free use of the track for its trotting races, and the control of the betting privileges at the track is in the hands of Mr Hare. As a further consideration for this privilege, Mr Orpen and Mr Hare, guarantee to make up any deficit in the purses, in the event of the gate and privilege money not being ^{sufficient} for that purpose.

While during Mr Raney's cross examination of Mr McCullough, he questioned him very closely as to the operations of this Club, and asked that the Commissioner require him to produce certain further evidence, the information later elicited from Mr Orpen who, in giving evidence, was exceedingly frank as to the relations between the Dufferin Park Driving Club and the Metropolitan Racing Association has, in the opinion of the Commissioner rendered this unnecessary for the purposes of the Inquiry.

METROPOLITAN RACING ASSOCIATION:

The Metropolitan Racing Association was represented by Mr Abram Orpen, of Toronto, who stated that he is the controlling interest in this Association.

which is a joint stock company, incorporated under Dominion Charter, secured in 1909.

He has, as partner, under a verbal agreement, a Mr Thomas Hare, who looks after the betting privileges which together they control on the two half mile tracks in Toronto. He has had thirty years experience as a book-maker and race track man.

He and Mr Hare conducted fourteen days of running races each year, up to 1917, with book-making. He keeps no books or records, simply taking over the balance of the fund after each meeting.

He confirmed the arrangement with regard to the Hillcrest track and the Dufferin Park Driving Club, and stated that the betting privileges from meetings on ^{each} these tracks brought an annual revenue of from \$10,000 to \$20,000, but did not think it had ever reached the higher figure.

He stated that he and Mr Hare actually controlled the running races on the Hillcrest Track and that in regard to the Metropolitan Track, the running races there were conducted by him under the Charter of the Metropolitan Racing Association.

He expressed the opinion that trotting races could not succeed with the Pari-Mutuel system of betting, but that from the book-maker's standpoint they took more chance than the Pari-Mutuel; that Jockey Clubs using the Pari-Mutuels were always sure of their percentages, while the book-maker might "go broke".

A copy of the Charter of the Metropolitan Racing Association is attached as Exhibit No. 19, to Volume No. 2, of the Record of Proceedings. As stated above, no financial records are kept by Mr Orpen.

A list of Canadian owners and breeders, using the tracks controlled by the Metropolitan Racing Association, as submitted by Mr. F.H. Callen, is appended as Exhibit No. 20 to Volume No. 2.

ONTARIO JOCKEY CLUB:

At the Toronto hearing, on October 1st, 1919, Mr W.P. Fraser, Secretary since 1898, of the Ontario Jockey Club, appeared on its behalf. A detailed history of this Club, from its foundation in 1881 up to the year 1910, will be found on page 142 and following pages of the Report of 1910, of the Special Parliamentary Committee on Bill No. 6, Relating to Race Track Gambling (Exhibit No. 3 to Volume No. 1, of the Record of Proceedings.)

In his evidence at Toronto, Mr Fraser brought this history up to the present time, furnishing much information as to the operations of the Club and the character of these operations during the intervening period. For this data see Mr Fraser's evidence as appearing on pages 361 to 366 of the Record of Proceedings in this Inquiry.

Mr D.L. McCarthy, K.C., under whose examination Mr Fraser gave this evidence as to the operations of his Association subsequent to 1910, put in evidence a package of Racing Announcements as showing the character of the Meetings held by the Ontario Jockey Club from 1911 to 1916 inclusive, attention being particularly drawn by counsel to the list of Governors, and the distinguished patronage enjoyed by this

organisation.

The Racing Announcements referred to were filed as Exhibit No. 14, to Volume No. 2, of the Record of Proceedings.

Under further examination by Mr McCarthy, Mr Fraser stated in evidence that the Woodbine Track, owned by the Ontario Jockey Club, contains eighty five acres and is situated within the City Limits of Toronto on Queen Street East. There are two grandstands capable of seating twelve thousand people, with stable accommodation for about 520 horses. It is a mile track, with a steeplechase course in the centre where there is also a Polo Field.

Up to the year 1917, the Club held seven day running race meetings in May and September and of each year, at which the Pari-Mutuel system of betting was used.

Mr McCarthy here put in evidence a list of Directors, a list of shareholders, with the number of shares held by each, a list of members as of 1919, a copy of the General By-Laws of the Ontario Jockey Club and the last Programme of the Club before racing ceased, this latter being the Spring Meeting of 1917. These documents are appended to Volume No. 2 of the Record of Proceedings as Exhibit No. 15.

Proceeding, Mr McCarthy put in evidence also a statement of the gate receipts from 1911 to 1917; a statement of the purses paid for the same period, this statement covering also the proportion of these purses confined to Canadian bred and owned horses; a statement of the maintenance and up-keep, the amount of taxes and the dividends paid; and a statement of the receipts from the Pari-Mutuel system of betting at the Spring and Fall meetings during the years 1911 to 1916 inclusive, and at the Spring Meeting of 1917. These statements are appended as Exhibit No. 16 to Volume No. 2, of the Record of Proceedings, and also appear at pages 380 and 381 of the said Record.

In regard to these statements, as filed by Mr McCarthy, on behalf of the Ontario Jockey Club, it will be noted that the racing season of 1910 is not dealt with. At the Commissioner's request, Mr Fraser has since forwarded to him the figures for 1910 in each case, and these have been attached to Exhibit No. 16 to Volume No. 2.

In considering the statement of maintenance and upkeep, Mr Fraser stated in evidence that the upkeep and maintenance of the track in the year 1910, when no racing was held, amounted, as shown by the

statement to over \$21,000, and that in 1919 this expenditure would be much heavier.

In regard to the dividends, witness testified in support of the statement submitted, that the Club paid a 5% dividend during the years 1911 to 1914, inclusive, a 10% dividend in 1915, and a 5% dividend in 1916 and 1917; no dividends since 1917. A special dividend of 5% was paid in 1913 and 1914, and one of 10% in 1915, as a result of the distribution of profits from the sale of lands at Scarborough, and, in regard to this, the witness, in reply to Mr Raney, stated as follows:

MR RANEY: "Were these extra dividends" ?

MR FRASER: "Extra profits from the sale of lands at Scarborough. Some years ago the Ontario Jockey Club bought a property consisting of some 247 acres on the Kingston Road in the Township of Scarborough. They decided that that land was not the best possible for the building of a race course when they located their present premises, and while they did not offer it for sale, they received an offer for it, which they accepted, and the difference between the purchase price and the selling price was \$75,000.00. Of that \$75,000, \$45,000 was distributed over 1913, 1914, and 1915, and the balance, \$30,000, was taken into the assets of the Club."

(Page 378 Record of Proceedings)

Mr Fraser further stated, in reply to Mr Raney, that this was explanatory of what might be considered the large dividends paid in 1914, and 1915.

Mr Fraser further stated, in evidence, in reply to cross examination by Mr Raney, that the statement of receipts from the Pari-Mutuel represented a percentage of 5% and the breakages taken by the Club from the machines for the Spring and Fall meetings during the year 1911 to 1916 inclusive, and the Spring meeting of 1917; and further that the breakages in the case of the Ontario Jockey Club had never amounted to more than three quarters of one per cent.

As will be seen from a perusal of the evidence, given by Mr Fraser, on pages 382, 383, and 384, the Ontario Jockey Club's capital stock, as at 1910, amounted to \$10,000, while its assets at that time were valued at over \$200,000, it having then acquired the ownership of the Woodbine Track, though not completely paid for; it being still encumbered with a mortgage. In that year (1910) the capital stock was increased to \$200,000 to make this correspond with the Club's assets; with this object in view, each holder of a \$100 share was given two shares of \$1,000 each.

In 1916 the assets of the Club had still further increased in value to \$600,000, and in that year the capital stock was again raised to correspond, whereupon

the holders of two shares of \$1,000 each were given four additional shares, making them the holders of six shares of \$1,000 each.

On request, Mr Raney was furnished with copies of the various statements referred to above for purposes of cross examination, and some question having arisen as to the production of the records of this Club, the witness, Mr Fraser, stated:

"I say, again, Mr Commissioner, that the instructions I have received from the Directors of the Ontario Jockey Club are these, - that their books are open for your inspection, whenever you choose to make it, everything they have, every record they have from the time they were organized in 1881".

to which statement, Mr McCarthy, counsel for the Club, added -

"In other words, if you care to take advantage of that offer Mr Commissioner, and if, as a result of that, you think, there are any facts which Mr Raney, or his clients, or the public, or the Government, should know, you are at liberty to disclose those facts".

Mr Fraser gave further evidence, which will be found on page 393 of Volume No. 2, of the Record, as to the skimming off in gate receipts in 1918 and 1919, when the "King's Plate" only was run. On page 394 will be found his statements as to racing in other countries during the war.

Information regarding the Canadian Racing Association, its membership, the rules and regulations governing the various clubs composing it, its lesser jurisdiction over certain other Racing Associations and particulars regarding the personnel of its Executive Committee, as secured in evidence from Mr Fraser, will be found elsewhere in this report.

Mr Raney, in cross examination, questioned Mr Fraser, as to the influential men and Members of Parliament on the Directorate of the Ontario Jockey Club, also with regard to the statements made by Sir John Hendrie, Colonel William Hendrie, and Mr Fraser, in 1910, before the Parliamentary Committee, previously referred to. Mr Fraser stated, in evidence, that he was still of the view that, as quoted by Mr Raney "the love of the horse, the love of the sport and the appreciation of the value of the Thoroughbred would not be in itself an incentive to keep up the breeding of "the Thoroughbred", and that betting house privileges are necessary to enable the thoroughbred to be maintained.

He stated that his impression against the Pari-Mutuel system of betting, as expressed before the Parliamentary Committee, in 1910, had been changed since that time, and that it does not offer as much temptation as book-making.

Further evidence given by Mr Fraser, under cross examination by Mr Raney was, as follows:

That Pari-Mutuel machines were installed at the Woodbine Track in 1911, at the opening of the Spring Meeting, but that at the two seven day meetings in 1910, book-making was used. He was not sure as to the number of machines installed at first, but the number had been increased only once and had never reached 59 as has been stated in the daily press.

That the Canadian Racing Association had never considered the fixing of a uniform rate of commission to be deducted from the Pari-Mutuel machines, and he did not think they had endeavored to enforce a regulation in that connection;

The question of the increase in capitalization of this Club, and the several issues of stock, was made the subject of an exhaustive cross-examination by Mr Raney; special attention being given to the extra 5% dividend first declared in 1913, continued in 1914, and the extra 10% dividend declared in 1915, as a result of the land profits of the Company.

Mr Fraser stated, in evidence, that the Scarboro land, was to the best of his knowledge, purchased in 1907, for \$47,000, and sold in 1912, for \$130,000.00, forty thousand (\$45,000) dollars being distributed in dividends and the balance put in the treasury of the Club;

That the property at Woodbine is paid for, being assessed at \$604,000; that the Club owns 180 acres of land at Long Branch, acquired in 1909, or 1910, for about \$140,000; that some \$80,000 has been invested by the Club in stocks (interest bearing investments), but it has no Victory Bonds, and no cash surplus;

That the present Grand Stand cost about \$160,000, but that he could not estimate the cost of the other equipment.

The comparisons made by Mr Raney in his cross examination of Mr Fraser, of the betting revenue of this Club with book-making up to 1911 with Pari-Mutuels beginning in that year, will be found on pages 409 and 410 of Volume No. 2 of the Record of Proceedings. These figures will be later dealt with when taking up the various statements submitted by this Club.

Mr Fraser would not agree that the increase shown in the betting revenue for the years in which the Pari-Mutuels were used, was attributable entirely to the change in the betting system, but stated, that it was due, at least in part, to the improved financial conditions.

Special attention is directed to the evidence of Mr Fraser, when under cross examination by Mr Raney, as to the disposition of the monies derived, respectively, from the gate receipts, and from the betting privileges. This will be found on pages 412, 413, and 414 of the Record.

On further cross-examination Mr Fraser stated that, the increased purses were the only contribution made by the Ontario Jockey Club towards the encouragement of horse breeding; that his Club had made no advances towards the work of the Canadian National Bureau of Breeding; that the Ontario Jockey Club, in common with other organizations, received from the Government of Ontario, a rebate of a portion of its license fee to assist in purses paid to Canadian owners; that the Canadian Racing Association, as such had, at least once, and probably more often, made a contribution of \$200 towards certain classes of horses in the Canadian National Exhibition.

He stated that there was no salary attached to the office of President, but that he was paid a salary as Secretary.

Some misunderstanding arose with regard to certain figures, appearing in the report of Messrs Clarkson, Gordon, and Dilworth; there being an apparent discrepancy between these and the figures

supplied by the Ontario Jockey Club in the matter of the betting revenue. This was, however, explained by the Commissioner who pointed out that the Auditors quoted the gross figures while the Club's statements showed the net amounts after expenditure had been deducted.

Appended to Volume No. 2, of the Record of Proceedings, will be found the following exhibits, filed on behalf of the Ontario Jockey Club -

Exhibit, No. 14, Announcements ---- 1911 to 1916.

Exhibit, No. 15, List of Directors, January 1919.
List of Shareholders, 1918, with statement of number of shares held by each.

List of Members, 1919.
General Bylaws, Ontario Jockey Club.
Announcement, Spring Meeting 1917, last
(last meeting held)

Exhibit No. 16, Statement -- sheets 1, 2, and 3, i.e.

1. Gate receipts, Total purses, and purses confined to Canadian owners, years 1911 to 1919, inclusive.

2. Maintenance and upkeep, Purses, Taxes, dividends, and special dividends, 1911 to 1919, inclusive.

3. Receipts from betting 1911 to 1917, inclusive.

NOTE: (Attached to this exhibit is a fourth sheet, giving all the above data for the year 1910, in accordance with the Commissioner's request)

A reference to Exhibit No. 16 will show that, in the period, from 1910 to 1917 inclusive, the Gate receipts amounted to \$725,248.00. The betting revenue, with book-making for two meetings in 1910, realized \$58,932.00, while the Pari-Mutuels from 1911 to 1917, inclusive (thirteen meetings) brought \$800,415.71, a total of \$859,347.71. The revenue from these two sources for the period was, therefore, as follows:

Gate Receipts, - - - - -	\$725,248.00
Betting Revenue, - - - - -	\$859,347.71
	<hr/>
Total, - - - - -	\$1,584,595.71

During the ten years, from 1910 to 1919, inclusive, the amount paid in purses by the Ontario Jockey Club was \$796,960.75, this including the two "King's Plate" races run at the Show of the Toronto Hunt Club, in 1916 and 1919. Of this total amount \$192,350.00 was paid in purses to Canadian bred and owned horses exclusively, but this latter amount does not, of course, include the purses won by Canadian bred and owned horses competing in open races.

It will be noted that the revenue of the Club during this period, from gate receipts and betting privileges exceeded the purses paid by \$787,634.96, and the amount expended each year in maintenance and upkeep, and in taxes, will be found on a reference to

Exhibit No. 16, appended to Volume No. 2.
Considerable information as to the disposition of
the balance is to be found in the evidence given
by Mr Fraser, under cross examination by Mr Raney;
pages 394 to 422 inclusive, of Volume No. 2, of
the Record of Proceedings.

CANADIAN RACING ASSOCIATION:

On the opening of the hearing, at Ottawa,
on September 23rd, Mr D.L. McCarthy, K.C., stated that
he appeared on behalf of the Clubs composing this
Association, and gave a list of these (see pages
3 and 4, Volume 1, Record of Proceedings).

The Secretary of the Association, Mr W.P.
Fraser, also gave evidence regarding it at the
Toronto hearing, on October 1st, 1919, and under
examination by Mr McCarthy, filed a copy of
the Rules and Bylaws of the Canadian Racing
Association, to which was attached the rules of
racing and steeple-chasing. These will be
found appended as Exhibit No. 13, to the Record
of Proceedings, Volume No. 2.

Mr Fraser also stated, in evidence, that
in 1918, the Canadian Racing Association had

authorized Colonel William Hendrie, at that time its Acting Chairman, to present its views to the Prime Minister, with regard to the continuance of racing under proper regulation, and that Colonel Hendrie had accordingly, under date of November 25th, addressed a memorial to Sir Thomas White, then Acting Prime Minister, setting forth, in detail, the recommendations of the Canadian Racing Association, and endorsing the facts set forth, in a memorial addressed to the Minister of Agriculture by the Canadian Thoroughbred Horse Society, on February 22nd, 1918.

Copies of the documents in question will be found appended to Volume No. 2, of the record of Proceedings, as Exhibit No. 17.

In the course of his evidence, at Toronto, Mr Fraser, under cross examination by Mr Raney, stated that the same Clubs compose the Canadian Racing Association now as in 1910, except that The Genesight Park Jockey Club has since been admitted; that the Kenilworth Jockey Club, at Windsor, and the Dorval Jockey Club at Montreal are not members, but race under the jurisdiction of the Association, and receive dates enabling them to arrange their circuits; that the revenue of the Association is

derived from the licenses issued to trainers and jockeys, the several Associations being assessed to cover any deficit in its operations; that its Executive Committee consists of the President, or Vice-President, of each of the Clubs composing its membership, and that no officers are salaried except the Secretary.. Upon being examined further, as to the representatives of the various Clubs he stated that, Mr Seagram, until his death, had always represented the Ontario Jockey Club; Mr John Madigan, the Niagara Racing Association; Mr George Hendrie the Windsor Jockey Club, and in the case of the Hamilton Jockey Club, Senator Gibson, during his lifetime, and occasionally Judge Monck. He knew nothing of the affairs of Mr John Madigan, President of the Niagara Racing Association, and had never heard that the officers of the Canadian Racing Association took exception to association with Mr Madigan; that the Association had taken no steps to prevent racing on the Hillcrest, or Thorncliffe tracks, in Toronto, or the Devonshire Track at Windsor.

HAMILTON JOCKEY CLUB:

At the hearing in Toronto on October 2nd, 1919, Mr George S. Kerr, President of the Hamilton Jockey Club, for the past three years, appeared first for this Association, Mr A.R.Louden, Secretary, testifying on its behalf later in the hearing.

Mr Kerr, under cross-examination by Mr Raney, K.C., testified as follows:

He had been President of the Hamilton Jockey Club since the death of the late President, Mr John J. Scott, K.C., about three years previous, and had been connected with the Club for about seven years. There had been, during that time, certain transfers of shares. The "Hendries" were out of the Club before he came in.

He had no inner knowledge of the Club's transactions in shares, but he holds 20 shares of a par value of \$100 each; he did not know whether he had been in the Club in 1912; he thought there were between 15 and 20 shareholders, and after corroborating Mr Raney's statements as to the 100 shares each held by Mr H.J. McIntyre and Mr E.R. Louden, and the 300 shares which they jointly held in trust, a total of 500 shares out of 970, admitted that these two men practically controlled the Association.

He stated that Charles C. Smith, of Chicago, held only 10 shares; he had met Mr Smith once or twice.

Asked as to the identity of the person for whom Mr McIntyre and Loudon held the 300 shares in trust, he stated that he did not know; he thought that Mr C.G. Smith had no interest in the Club above ten shares; this man attended the race meetings but took no part in the management of the Club, and to Mr Kerr's knowledge had nothing to do with the betting privileges.

Continuing his cross-examination Mr Raney questioned this witness as follows:

MR RANEY,- "So far as the President of this Club is concerned, he does not know that Mr C.G. Smith has any interest in the Club, except the ten shares ?

MR KERR,- "Well I don't know but I would say not."

MR RANEY,- "Do you know who McIntyre and Loudon held the 300 shares for ?

MR KERR,- "No I do not. I would judge it was presented in the usual way and went through in that way. I don't think there is anything in the Minutes, or anything stated since anywhere to show that".

Continuing, under cross-examination, by Mr Raney Mr Kerr stated as follows:

The "high water mark" in the price of shares of the Hamilton Jockey Club was, he understood \$2,500; he thought the original investment was \$10,000, and that the nominal capital stock was \$40,000; he had been told by Mr Bruce, one of the originals, that \$10,000 had been paid up, that the Club carried along for 13 years with many losses, many retiring, and that Mr Bruce paid a great many of the debts out of his own pocket and lost money by it.

He understood that the capital stock, was increased in 1909 to \$100,000, this being distributed as bonus stock, ten new shares for one original, the holder of one share of the par value of \$100, becoming the holder of ten shares whatever he had paid on his original stock, after twenty six years, from the foundation of the Club;

The capital stock was increased in 1918 to \$500,000, the \$400,000 of bonus stock being not yet distributed. The intention of this further capitalisation was to make the capitalisation more nearly equal to the actual money invested in the business;

He had no recollection of the Inquiry in Ottawa in 1910 and did not know that there was any change in the law in that year, though he later admitted that he knew the Statute was amended in 1910.

His evidence on this point is quoted herewith -

MR RANEY: "In 1910 after the change in the law legalising betting houses on the race tracks, this Club paid a dividend of \$200 ~~on each of these 100~~ par shares; you remember that ?

WITNESS: "I did not know there was any change in the law in 1910.

MR RANEY: "You know the law was changed at Ottawa in 1910 ?

WITNESS: "There was always betting.

MR RANEY: "You know the Statute was amended in 1910 ?

WITNESS: "Yes.

MR RANEY: "So as to make book keeping legal on the race tracks, do you not ?

WITNESS: "Well I would not say without looking that up that you are right. That is not my recollection of what took place.

He stated that at the time of the Inquiry in Ottawa, in 1910, he held one or two original shares and could not remember whether he secured the two dividends paid during that year. He had purchased during the past two months about 20 additional shares, at \$2,500 per share; to the best of his recollection there had

been only two dividends, one of \$200 and one of \$700 per share; he had no distinct recollection of these dividends.

Continuing, Mr Kerr stated that he did not remember the amount which had been paid for each of the \$100 shares on which dividends amounting to \$910 were paid in 1910. He admitted that in 1906 a syndicate of six members, namely, Judge Monck, John L. Counsell, A. E. Loudon, F.C. Bruce, H.J. McIntyre, his partner in the Hotel Royal, and himself, was formed for the purpose of securing the shares in the Hamilton Jockey Club.

Asked by Mr Raney as to the value of the Hamilton Jockey Club stock today Mr Kerr stated,- "On the basis of the profit that I know the track is making per year, they are worth at least \$5,000, figured on a basis of ten per cent investment. There is no question about that."

He bought his shares in the Club from another party, but preferred not to state what he paid for them. He could not remember what dividend he received in 1917, and did not know that a Government auditor made a report on the 1917 meeting; he understood that 7% or 8% was taken by the Club from the Pari-Mutuels; he knew that the purses at the 1917 meeting were \$40,900, but had no knowledge as to the other statistics as taken from the Auditor's report

by Mr Raney.

On being examined by Mr McCarthy, this witness stated that the Track owned by the Hamilton Jockey Club while surrounded entirely by the City of Hamilton was not a part of that Corporation; it consisted of 65 acres, with the Grand Trunk Railway on one side and the Street Railway on the other. The Club held race meetings in June and September of each year on dates arranged by the Canadian Racing Association, two seven day meetings each year. Large but orderly crowds attended this meeting; the Pari-Mutuel system of betting was used. The track has been carried on since racing ceased at an expenditure of \$17,000 to \$20,000 per year; the property is paid for and grandstands costing \$70,000 to \$80,000 and other buildings costing about \$250,000 have been erected.

No member of the Hendrie family is connected with the Hamilton Jockey Club, they having left of their own accord before he came into it.

Under Mr Raney's cross-examination, this witness, although President of the Club for three years and connected with it for a much longer period, displayed an astounding lack of knowledge of its history and business affairs. A perusal of the Record of Proceedings, pages 425 to 459, will show that his evidence throughout was of the most elusive and unsatisfactory nature.

Mr A.R.Louden, Secretary of the Hamilton Jockey Club, under cross-examination by Mr Raney stated that he and Mr H.J.McIntyre did not hold a controlling interest in the Club; in answer to Mr Raney's query as to the identity of the person for whom he and Mr McIntyre held the 300 shares in trust, he stated - "That is our own business."

Replying to the Commissioner, he stated that, he did not intend to answer the question; but stated that "it is a gentleman in Hamilton, no one outside of Hamilton".

Continuing under cross-examination by Mr Raney, witness stated that, he knew Mr Charles C. Smith very well: that he had no connection with the Hamilton Jockey Club, except that of a shareholder, holding ten shares; he was positive that Mr Smith only held and received dividends on ten shares, that being his whole connection with the Club. He ~~had~~ (Mr Smith) had no connection with the Pari Mutuel system, and upon being asked if this man came to the Club meetings as a visitor, the witness stated "He has been a visitor there".

He confirmed the statement of the Government auditors as to the amount of dividend (\$48,500) paid in 1917, but declined to furnish Mr Raney with any further information as to dividends or financial records.

Reference to the evidence given by George S. Kerr, K.C., and Mr. R. London, President and Secretary respectively of the Hamilton Jockey Club, will show that neither of these witnesses disclosed the identity of the person for whom Messrs McIntyre and London hold in trust 300 shares, which, together with the 100 shares held by each of them (a total of 500 out of 970) constitutes a controlling interest.

The Commissioner has since secured from Mr London definite sworn statements covering all the other matters relative to the Hamilton Jockey Club, which he deems essential for the purposes of the Inquiry, but he does not consider the information offered as to the actual ownership of the 300 shares in question, in any way conclusive.

It is true that Mr London in a communication addressed to the Commissioner, under date of January 8th, 1920, made the following statement,-

"As to the shares held in trust by McIntyre and myself, they are owned equally between us and Judge Honck, which for certain reasons he did not wish his name to appear;"

but upon being asked for a declaration to that effect, he failed to furnish the same.

The Commissioner having carefully considered the situation, decided that nothing would be gained

by going further in the matter, in view of the fact that both Mr Loudon and Mr Kerr had, at the Toronto hearing, stated under oath that G.C. Smith of Chicago was the holder of only ten shares, while the list of shareholders, on which G.C. Smith's name appears for that amount of stock, bears Mr Loudon's affidavit.

The sworn statements of Mr Loudon are appended as Exhibit No. 18 to Volume No. 2 of the Record of Proceedings. These comprise, a list of Directors, Officers and Shareholders, showing the amount of stock held by each; a statement of dividends from 1893; a list of purses paid at meetings since 1910 showing the amount allotted to Canadian owned or bred horses; a statement of the number of days racing each year, the system of betting used, with receipts from gate, betting, and other sources, and expenditures for the period from 1910 to 1919 inclusive; a condensed balance sheet as at October 31st, 1917, the last year of racing; also a letter addressed to the Commissioner, by Mr Loudon, on October 1st, 1919, (which however was not forwarded to him until some weeks later), giving considerable detailed information as to the earlier history of the Club; all including the letter last mentioned, bear Mr Loudon's affidavit as to correctness.

Copies of the Letters Patent (appended as Exhibit 18-A, to Volume No. 2 of the Record of

Proceedings) indicate that the Hamilton Jockey Club was incorporated in 1893, with a capitalization of \$10,000, divided into 100 shares of \$100 each, the original applicants being George Keach, James Murray Lottridge, Charles Matthew Counsell, John Strathern Hendrie, Robert Thomson, John J. Stuart, and William Hendrie the younger, all of the City of Hamilton. In 1895 Supplementary Letters Patent were granted raising the capitalization to \$100,000, by the issue of 900 shares of new stock of one hundred dollars each. In 1918 the capitalization was for the second time increased by Supplementary Letters Patent to \$800,000, by the creation of 4,000 shares of new stock of one hundred dollars each.

From the evidence of the several witnesses it would seem clear that only \$40 was paid on each share by the original shareholders.

On this stock, according to the sworn statement, (Sheet No. 4 of Exhibit No. 18), dividends aggregating \$578,300 have been paid, beginning with 1910, the total amount distributed in dividends in that year being \$82,700.00

No dividends were declared in 1911, but in 1912 the sum of \$48,500 was distributed among the stockholders in this way. The statement shows

that the highest amount paid in dividends after 1910 was in 1916, when \$77,600 was paid on 970 shares of \$100 each, while in 1917 when one race meeting only was held, a dividend of \$48,500 was again declared, and in 1918, with no meeting, a last dividend of \$9,700 or 10% was declared.

Two seven day meetings were held each year, 1910 to 1916 inclusive, and one seven day meeting in 1917. At these meetings the gate receipts for two meetings in 1910, amounted to \$59,042.00, rose steadily year by year until in 1914 for two meetings they reached \$81,227.00, and while somewhat lower for the two following years, for one meeting in 1917 they totalled \$51,929.50, or a grand total of gate receipts for the entire period of \$557,495.60.

The system of betting was book-making from 1910 to 1915 inclusive; in 1916 and 1917 the Pari-Mutuel machines were used. During the period when book-making was in vogue the receipts from this source ranged, as will be seen from the statement, from \$62,950.00 in 1910 for fourteen days racing, to \$71,400.00 in 1914, declining in 1915 to \$67,200, while with the Pari-Mutuel system, on the two seven day meetings of 1916, the sum accruing to the Club was \$182,825.50, and for the one meeting of 1917, the sum of \$173,429.05; a total betting revenue for the period of \$757,754.55.

It will be noted that Mr Kerr stated in the course of his cross examination by Mr Raney that the percentage taken by the Club from the Pari-Mutuel in 1916 was 7% or 8%. This information is not embodied in the statement of betting revenue furnished by the Secretary of the Club, for either 1916 or 1917. A reference to the Government Auditor's report on this track for 1917 (see page No. 23, Exhibit No. 17-A appended to Volume No. 2) will show that in the one meeting of that year the Hamilton Jockey Club calculated its betting revenue from the Pari-Mutuel machines as follows:

Gross collections through Pari-Mutuels,	\$1,694,199.00
Total amount paid over to bettors, - -	\$1,514,816.60
10% on 40 races,	\$1,116,012.00 - - - -\$141,601.80
8% on 5 races,	\$ 159,167.00 - - - \$ 12,733.36
7% on 3 races	\$ 101,142.00 - - - -\$ 7,079.94
5% on 1 race	\$ 17,878.00 - - - \$ 893.90
Total deductions, - - - - -	\$162,508.40
Breakages on 49 races, - - - - -	17,074.00
Total revenue, - - - - -	\$179,382.40

or, an average for each of the 49 races of \$3,660.86.

It will be noted also that there is a difference of \$6,000 between the figures shown

by the Auditors and those sworn by the Secretary, as being the net revenue from the Pari-Mutuel machines for the 1917 meeting. In this connection the statements appended to the Auditor's figures, as to the manner in which these amounts were secured are interesting. See pages No. 23 and No. 49 of Exhibit No. 17/A, to Volume No. 2, Record of Proceedings.

The amount paid out in purses, amounted in 1910 to \$60,795.00 and rose to \$66,000.00 in 1914. In 1915 the sum of \$66,000 was also paid in this way, and for 1916 the purses amounted to \$70,000, while for the one meeting of 1917, the purses amounted to \$40,900. The total amount paid in purses for the period was \$496,100 of which \$53,900 was paid to Canadian bred and owned horses.

The Gate and Betting revenue, as compared with the purses paid, may be summarized as follows:

Gate Receipts, total for meetings, 1910 to 1917 inclusive, - - - -	\$557,495.50
Betting Revenue for meetings, 1910 to 1917 inclusive, - - - -	\$757,754.55
Total, - - - - -	<u>\$1,315,250.15</u>
Purses paid, 1910 to 1917, inclusive,	\$ 490,100.00
Difference, - - - - -	<u>\$ 817,150.15</u>

The capital investment in land and buildings was according to the statement at October 31st, 1917, \$606,045.14, while the figures, as prepared for the Commissioner of Taxation, show the total assets to be \$688,229.92.

Revenue from other sources, added to the Gate Receipts and Betting Revenue brought the total revenue of the Club, in 1910, to \$157,112.15, and these total receipts rose from year to year, until in 1914, they reached \$170,743.00, and while declining slightly in 1915, again rose in 1916, the first year of the Pari-Mutuel betting, to \$275,624.56, and in the year 1917 with one seven day meeting they totalled \$235,135.57, or a grand total of all receipts, for the years 1910 to 1917 inclusive, of \$1,440,368.35.

The statement also shows the amount expended in operation and maintenance during the years in question, the highest expenditure in this connection being in 1916, when doubtless the installation of the Pari-Mutuel machines was instrumental in raising this expenditure to \$72,106.55, the total amount expended in this way for the period being \$270,108.00.

The profits each year, as shown by the statements, beginning with \$43,257.59 in 1910, ran to \$68,296.95 in 1914 and 1916, the first year of

Hari-Mutuel betting, to \$71,809.66, while for the year 1917 in which only one meeting was held the profits aggregated \$70,649.24, a total of profits for the period 1910 to 1917 inclusive, of \$453,130.44.

For sworn statements see Exhibit No. 18 to Volume No. 2 of the Record of Proceedings.

Copies of the various Letters Patent granted to this Club, and a copy of a pamphlet, being an extract from its Bylaws and Rules as adopted in January 1912, are also appended to Volume No. 2 as Exhibit No. 18-A.

In the course of the hearing, at Toronto, Colonel William Hendrie refused to answer certain questions asked by Mr Nancy relative to the shares in the Hamilton Jockey Club held by him and his brother Sir John Hendrie in 1910, the amount of dividends which they received therefrom, and the price at which these shares were later sold. He could not remember the date on which they were disposed of.

Shortly after the hearing, Colonel Hendrie supplied the Commissioner with full and detailed information on all the points raised by Mr Nancy, not only so far as his personal holdings were concerned, but also covering the shares formerly held by his brother, Sir John Hendrie, and the other members of his family.

The information supplied by him is to the following effect:

In 1906 Colonel Hendrie was President of the Hamilton Jockey Club, Sir John Hendrie being at that time on the Board of Directors. Certain influences were at work to secure secretly, the control of the Club, this being eventually accomplished. These controlling interests desired that Colonel Hendrie should retain the Presidency of the Club and that Sir John Hendrie should remain on the Directorate, but both refused, and in the same year (1906) both severed their connection with the Club, the influences then dominating the Board not being, Colonel Hendrie states, to his liking at least.

In 1910, while still retaining his five shares in the Hamilton Jockey Club, he received a dividend of \$200 per share, and in October of the same year received a further dividend of \$700 per share, these being the only dividends received by him from the inception of the Club.

In July 1911, he was approached by certain persons with a view to the purchase of his five shares, and on an agreement with the Board of Directors that the minority shareholders, who, with him, were opposed to the then control, should be protected, he agreed to sell his stock. After considerable negotiation he sold to J.L. Counsell, for parties then connected with

the Hamilton Jockey Club, his own five shares, as also eleven others belonging to minority shareholders, these including several members of his own family. These shares alike brought \$2,484.40 each. He was offered a larger amount per share for his own stock, but refused to consider the proposition unless all the other sellers were treated in the same way.

Sir John S. Hendrie, in a communication addressed to the Commissioner corroborates the statements made by his brother Colonel William Hendrie as to his own connection with the Hamilton Jockey Club, and gives additional information in this respect, as follows:

In 1902, he became connected with the Hamilton Jockey Club, which at that time held a lease of the Hamilton Fair Grounds, who were the owners, the Jockey Club being the operating body. He had originally an interest of three shares, of which he sold two, retaining one. Until 1910 he received no dividends, and in 1911 he sold his one share and has since had nothing to do with the Hamilton Jockey Club, either directly, indirectly, or financially.

He adds the following information with regard to his connection with the Ontario Jockey Club :

"My connection with the Ontario Jockey Club was only as a shareholder, having one share, and for many years I have received no dividend from same. In 1906, I having severed my connection with the Hamilton Jockey Club, I became a Director of the Ontario Jockey Club, replacing my father the late William Hendrie. I have not increased my holding of one share in any way except by the action of the Club in increasing the value of the shares and also the number so as to be in some way in keeping with our assessment. Mr D.L. McCarthy, K.O., has been furnished with returns showing everything I have drawn as a shareholder in the Ontario Jockey Club from the day I received my share."

"Many statements have been made that I had certain connections with other Clubs. I have no interest in any Jockey Club in Canada or the United States, with the exception of the Ontario Jockey Club, of which I hold one share.. I never had, directly, or indirectly, the slightest financial or other interest in the Fort Erie Jockey Club. I never had, directly, or indirectly, any financial interest in the Windsor Jockey Club, or any Jockey Club in the vicinity of Windsor. I severed my connection with the only other Jockey Club in which I was interested, the Hamilton, thirteen years ago."

He further states -

"As the chief objection seems to be the amount of money made by some of the tracks, throughout the Province of Ontario, a remedy can easily be found for this. Allow all race tracks duly incorporated to pay a reasonable percentage to their Shareholders on their actual investment in racing properties, not on capital. After all expenses in connection with the race meetings has been taken care of, maintenance and property, purses, and fairly reasonable salaries for the management of the Club, the remaining money should go to the Government to do with it as they see fit. In this way, tracks that are established for the sole purpose of making money as a business venture, would not be encouraged as the small return of 7% to 10% would hardly look attractive to investors of this nature."

NIAGARA RACING ASSOCIATION .

Mr John Madigan, owner of the Fort Erie Track of the Niagara Racing Association, did not appear in 1910 before the Parliamentary Committee, on Bill No. 6, Relating to Race Track Gambling, but some particulars were given before that Committee with regard to the earlier history of this Track by Mr William German, M.P., which will be found on page 461 and the following pages of Exhibit No. 3 to Volume No. 1, of the Record of Proceedings.

At the hearing in this Inquiry, held at Toronto, on October 2nd, 1919, Mr Joseph E. Martin of St. Louis, Missouri, Secretary-Treasurer of the Association, appeared on its behalf, but did not produce any of its books or financial records.

On being examined by Mr McCarthy, he stated, in evidence, as follows: The mile track owned by this Association is situated at Fort Erie, Ontario, with a grandstand thereon, capable of seating 4,000 people and stable accommodation for 500 horses. The capitalization is \$100,000. This Association, from 1910 to 1917, held two seven day meetings each year, Spring and Autumn, on dates arranged by the Canadian Racing Association. The system of betting used was book-making up to 1918, when the Pari-Mutuel machines were installed. Mr John Madigan

is President, Mr Joseph E. Martin, Racing Secretary. Mr Louis A. Cella and John Condon, previously on the Directorate, are both dead; Mr Cella's shares have passed into the possession of the Southern Real Estate and Financial Corporation, operating under the laws of the State of Missouri; Mr Condon's shares are held by his estate. Samuel W. Adler, of New York, has ten shares, while Mr Martin himself has one qualifying share, this being really one of the Shares belonging to the Southern Real Estate and Financial Company.

To the best of Mr Martin's knowledge, Mr Madigan and his associates purchased this track in 1908, it being at that time in the hands of what was known as the Fort Erie Jockey Club, and it has been operated under the name of the Niagara Racing Association ever since, no persons being financially interested in it but those already named by Mr Martin.

Under cross examination by Mr Raney, Mr Martin stated, in evidence, that the enterprise was at the time it was taken over by the Niagara Racing Association, composed of four men, John H. Madigan, Louis A. Cella, John Condon, and Samuel W. Adler, these men buying the track sometime prior to the Legislation of 1910.

He did not know that these men were all in the race track business in the United States at that time, and did not know anything of the businesses in which

Mr Madigan was engaged prior to the time he became associated with him about seven years ago. He stated that Mr Madigan

was a resident of Canada when he bought the track, and that he was born in that country. He did not remember where he met Mr Madigan first, but that he (Mr Martin) had never engaged in any business in Canada before entering into the engagement with Mr Madigan in connection with this track.

Mr Cella, had lived at St. Louis, prior to his death; Mr Conden at Chicago, and Mr Sam W. Alder was a resident of New York. He admitted, on examination, that these men had operated race tracks at St Louis, Chicago, and New Orleans, but stated that they had other business; Mr Cella, in particular, having been interested in theatres and hotels.

It was brought out in Mr Raney's cross-examination of this witness, that Mr John Madigan, the President of the Niagara Racing Association, was in Toronto at the time of this hearing, but although he had been duly notified he did not appear before the Commissioner.

Mr Martin further stated that he could not state definitely what dividends had been paid, that the financial and other records of this Club were, he thought, at Fort Erie, where the Head Office was situated, although they also had an office in Buffalo. He could give no definite information as to the figures furnished to the Government Auditors after the meeting in 1917, nor did he know what percentage the Club deducted from the Pari-Mutuel machines. He thought that these percentages had varied, being higher in at least one

year than the others.

He refused to tell Mr Raney what salary, if any, was paid the President and Secretary, or to make any statements as to the dividend of \$100,000, said to have been paid in 1917. He, however, offered to produce the books of the Club for the inspection of the Commissioner, but at this hearing was unable to produce any papers whatever, his principals having given him very short notice to appear.

The information given by this witness was, in the opinion of the Commissioner, quite insufficient for the purposes of the inquiry, and at his request, the Auditor of the Niagara Racing Association, Mr B.G. Lowe, of Hamilton, Ontario, has, since the Toronto hearing, supplied sworn statements as to its financial and other affairs.

A copy of the Charter has also been secured from the Provincial Registrar for Ontario, and with the statements furnished by the Auditor is appended as Exhibit No. 21 to Volume No. 2, of the Record of Proceedings.

Following is a history of this Association and its affairs as compiled from the sworn statements submitted by the Auditor and from information supplied by its solicitors, Messrs Malene, Malene, and Long, Toronto,-

The Niagara Racing Association, Limited, was incorporated by Ontario Letters Patent, on May 11th, 1906, (not 1908 as stated by Mr Martin the present

Secretary), the original applicants being -

Robert Armstrong, Capitalist; Albert
Hearn, Barrister-at-Law; Frederick Lawson Whatley,
Accountant; Anthony L'Estrange Malone, and Elias
Talbot Malone, Gentlemen; all of the City of Toronto.
The capitalization was \$100,000, divided into one
thousand shares of \$100 each. The Letters Patent
provided that the Incorporators should acquire and
take over the property known as the Fort Erie Race
Track, and all chattels and personal property connect-
ed therewith, and then owned by Dan A. Stuart and
John H. Madigan, as Trustees, and formerly owned
by the Fort Erie Jockey Club, Limited, and should
"pay for said property real and personal, in shares of
"the capital stock of the Company, fully paid up and
" non-assessable".

The Head Office of the Association was at
Bridgeburg, Ontario, and the provisional directors
were the men named as applicants for incorporation.

The Solicitor states that the Fort Erie
Track was at first owned and operated by an organization
known as the Fort Erie Jockey Club, of which Mr William
German, M.P. for Welland, was at one time President.
The Fort Erie Jockey Club went into liquidation about
1906; the property was offered for sale by the liquidator,
and Mr John Madigan was a bidder.

Prior to liquidation proceedings the Port Erie Jockey Club had rented the track to Messrs Hendrie and Parmer, who carried on operations under the lease for two or three years after the incorporation of the Niagara Racing Association. The Mr Hendrie referred to is Mr George M. Hendrie, who, with his partner Mr Parmer, afterwards owned the Windsor Jockey Club. It is said that Mr Hendrie was also a bidder; in any event he obtained an interim injunction to prevent the liquidator from concluding a sale with Mr Madigan instead of with him. The injunction was dissolved which left the liquidator free to deal with Mr Madigan.

Mean while, the Niagara Racing Association had been incorporated and Mr Madigan, although he had been the successful bidder on the Port Erie Track, was unable to obtain possession of the property for some two years, owing to the non-expiry of the "Hendrie-Parmer" lease.

A license for the sale of liquor attached to this property and passed to Mr Madigan with the track; and this license remained in force until at least 1915.

At the time of the sale of the track to Mr Madigan, it is stated that he attempted to interest several wealthy Canadians in the enterprise, with the view of having them join with him in the purchase, but in this he failed. There seems to be an impression that the failure was due to the publicity given to the injunction

proceedings instituted by Mr Hendrie and his group. Failing Canadian capital, Mr Madigan finally associated with himself in the project Mr. D.S. Stewart, of New York, Louis A. Cella of St. Louis, John Condon of Chicago, and Samuel W. Adler of New York, and aside from the five original incorporators, who each held one share of what was apparently qualifying stock, the remaining stock issue of 995 shares was divided as follows:

Daniel S. Stewart, - - - - -	199 shares.
John H. Madigan, - - - - -	199 "
John Condon, - - - - -	199 "
Louis A. Cella, - - - - -	299 "
S.W. Adler, - - - - -	99 "

Mr Stewart died some years ago and Mr Madigan is said to have been the purchaser from his estate of the shares in the Niagara Racing Association.

Mr John Condon is also dead, his shares still belong to his estate, which is handled by a Trust Company in Chicago; Mr Cella died about a year ago, his shares being now in the hands of the Southern Real Estate and Financial Company, with which Mr Joseph Martin the present Secretary of the Niagara Racing Association is also apparently connected. Mr Samuel W. Adler is said to be a Broker in New York. The one

share held by Mr Martin, and stated by him, in evidence, at Toronto to belong to the Southern Real Estate and Financial Company, is said by the Solicitors to have been absolutely given to him by Mr Gella prior to the latter's death.

Mr Madigan is said to have come originally from Simcoe, in the County of Norfolk, Ontario, and to be a property owner and taxpayer in the Township of Bertie, County of Welland, in the neighbourhood of the Fort Erie Track, where he conducts a farm and has a residence several months in ~~the~~ each year. He also is a property owner at Houston, Texas, where he lives when not in Canada.

Mr Madigan and his associates took over the property at the expiry of the "Hendrie Parmer" leasehold, and, the track being in a very poor and run down condition, are said to have expended large sums in building it anew and erecting grandstands and stables. No details are available as to the amounts expended in this way, the books of the Association containing, according to the sworn statement of the Auditor, no particulars respecting capital investments for the years prior to 1914.

The Commissioner is informed that the Niagara Racing Association was still further delayed from using the track after the expiry of the Hendrie-Parmer lease, in or about 1908, because of the necessity of undertaking the repairs and additions referred to above.

After the amendment to the Criminal Code, in 1910, this Association held seven day meetings Spring and Fall, during the years 1910 to 1916 inclusive, and one seven day meeting in July, 1917. These meetings were held on the dates arranged by the Canadian Racing Association, of which the Niagara Racing Association had become a member. At the meetings up to, and including 1914, book-making was the system of betting used, while in the following year Pari-Mutuel machines were installed, according to the sworn statements.

According to the statements of the Auditor of the Club, which are covered by affidavit as to correctness, the betting revenue in 1910, under book-making, totalled \$39,673.45, while in 1914, the last year of book-making it has risen to \$64,344.00. In 1915, the first year under the Pari-Mutuel system, the income from betting was \$131,986.55, in 1916 it totalled \$192,424.90, and for the one meeting in 1917 alone, the Pari-Mutuel receipts totalled \$162,947.20, or a total for the years 1910 to 1917, inclusive, (without 1913 which is omitted) of \$716,144.60.

The auditors appointed by the Ontario Government, reporting on the 1917 meeting on this Track, state that 10% and breakages were taken by the Club as commission from the Pari-Mutuel machines. According to their figures \$1,491,879.00 passed through the machines in the course of 49 races. Of this

the Club's 10% commission and breakages, amounted to \$162,947.20, the statement furnished by the Auditor of the Association for the 1917 meeting agreeing, in every respect, with the report of Messrs Clarkson, Gordon and Dilworth.

The gate receipts rose from \$48,076.12 in 1910 to \$70,915.88 in 1914, and, while for 1915 these receipts amounted to only \$56,412.00 they rose in 1916 to \$74,895.50, and for the one meeting in 1917 amounted to \$50,360.00, with a total for the period 1910 to 1917, (with 1913 omitted) of \$429,462.45.

Sundry receipts over and above Gate and Betting, brought the total revenue for 1910 to \$103,807.42; for 1914 it amounted to \$150,804.53; in 1915 to \$198,288.98; in 1916 to \$279,084.28; and for the year 1917, with one meeting there was a total revenue from gate, betting, and sundry other receipts of \$218,730.60. The total revenue from all sources for the years 1910 to 1917 (with 1913 omitted) was \$1,342,997.86.

The purses ranged from \$54,440.00 in 1910 to \$59,480 in 1914; \$66,162.00 in 1915; \$69,360.00 in 1916, and for one meeting in 1917 the purses paid amounted to \$41,667.50, a total for thirteen meetings (1910 to 1917, with 1913 omitted) of \$405,390.58.

Of this amount the Auditor states that the value of the purses paid each year to Canadian bred horses averaged \$8,000.00

A reference to the statements will show that the expenditure in maintenance and operation with the purses, brought the total expenditure, in 1910, to \$84,162.52; in 1914 this amounted to \$100,919.75; in 1915 to \$145,798.98; in 1916 to \$227,766.71; and, for the one meeting of 1917, the total expenditure in purses and operation account amounted to \$174,652.54. The total expenditure for the last two years, included, however, \$50,000 in 1916 and \$60,000 in 1917 charged to depreciation.

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It will be noted from the statements of the Auditor, that the net profits rose from \$19,644.90 in 1910 to \$74,403.93 in 1912, while on the two meetings of 1916 the profit was \$51,317.54; on the one meeting of 1917 it reached \$43,878.06.

Dividends were declared in each year, 1910 to 1917, (exclusive of 1913, concerning which year the Commissioner has no information) these dividends being as follows:

1910,	dividend of 15%	- - - - -	\$15,000.00
1911,	dividend of 40%	- - - - -	\$40,000.00
1912,	dividend of 70%	- - - - -	\$70,000.00
1913,	(not known)		
1914,	dividend of 20%	- - - - -	\$20,000.00
1915,	dividend of 40%	- - - - -	\$40,000.00
1916,	dividend of 135%	- - - - -	\$135,000.00
1917,	dividend of 100%	- - - - -	\$100,000.00

Total dividends declared in years 1910 to 1917 (exclusive of 1913) - - - - - \$420,000.00

A copy of the Charter, and of the sworn statements and affidavit of the Auditor, will be found appended to Volume No. 2 of the Record of Proceedings as Exhibit No. 19.

The affidavit of Mr Lowe should be noted as explaining the absence of financial statements for the year 1913, as also record of capital investments

for the years 1910 to 1913 inclusive.

It will be noted also that he states in this affidavit that the dividends for 1916 and 1917 were made up by the amounts carried in reserve to meet depreciation having been added to the net profits.

Exhibit No. 19 above referred to, includes a list of shareholders, Directors and officials.

The Commissioner is in receipt of a memorial signed by a number of residents of the district, these being members of the Bertie Agricultural Society, which sets forth that the property of the Niagara Racing Association has been placed at the disposal of this organization, for a number of years past, free of charge for the holding of its annual Agricultural Exhibition. The memorial expresses the warm appreciation of the Society for this ~~generous~~ concession

THORNCLIFFE PARK RACING AND BREEDING ASSOCIATION.

At the hearing, at Toronto, on October 1st, 1919, the Thorncliffe Park Racing and Breeding Association was not represented. Its solicitor, Mr A.H. Beaton was present earlier in the hearing, but was obliged to leave the court before its affairs were reached.

Mr Wilfred Davies, son of the late Robert Davies of Thorncliffe Park, called earlier in the hearing by Mr McCarthy, as a witness on behalf of the breeding of Thoroughbreds, was cross-examined by Mr Raney as to his connection with the Thorncliffe Racing Association. He stated, in evidence, that the Robert Davies Estate owned the ground on which the mile track, known as the Thorncliffe Race Track was situated, and that the latter was held under lease, by certain Americans named Bryan and O'Hara, at an annual rental of \$10,000. He believed that the Mr. Bryan referred to was G.A.D. Bryan, or "Gad Bryan" of Baltimore, but he had not been a party to the negotiations with Bryan and O'Hara, regarding the acquisition of the track, his brother George, the executor, and the solicitor for the estate Mr. Ballantyne, having made these arrangements. He knew that Gad Bryan was interested in at least one race track in the United States, that at Baltimore, Maryland, but was not well acquainted with this man or his

affairs. None of the Davies family were members of the Thorncliffe Racing Association, and he had attended one meeting on the track, which was only a short distance from his home.

Information since secured by the Commissioner, from the Solicitor of the Association, Mr Beaton, and from other sources regarding this Club, is as follows:

The Thorncliffe Park Racing and Breeding Association was incorporated by Letters Patent, granted by the Secretary of State, on March 18th, 1912, the original applicants for incorporation being Robert Davies, William Burgess, James Jenkins, George Taylor Davies, and Robert William Davies. Robert W. Davies was the provisional President, and William Burgess, Provisional Secretary.

At a meeting of the Association, held in October, 1912, Robert W. Davies was elected President, George T. Davies, Vice-President, and Harry B. Jarvis, Secretary.

The capitalization was \$100,000 divided into one thousand shares of \$100 each.

In 1915 the sum of \$15,647.54 is said to have been spent by the Association in laying out and preparing the track, and a trotting meeting was held in October of that year.

shortly before the coming into effect of the Order-in-Council of 1917, prohibiting betting, an arrangement was made by the Directors with one J.S. Berger, of Chicago, (who, in December, 1916, had agreed to sell stock for the purpose of securing funds for building and equipment) to take over the management of the track, and this man managed a seven day running race meeting, under the Charter of the Thorncliffe and Breeding Park Racing/Association, in July of that year, at which the Pari-Mutuel system of betting was used. The only financial records available with regard to this meeting are those embodied in the returns made to the Provincial Treasurer's Department in a report prepared by Messrs Clarkson, Gordon and Dilworth, on the operation of race tracks in Ontario, in 1917. From this return, which appears as pages 31 to 35 inclusive of Exhibit No. 17A to Volume No. 2, of the Record of Proceedings, it will be noted that the gate receipts at this meeting were \$18,948.00, the betting revenue \$69,164.20, these with smaller amounts from refreshment and programme privileges bringing the total receipts to \$91,464.31.

The sum of \$630,398.00 passed through the Pari-Mutuel machines at this meeting, the Club deducting 10% commission \$63,039.80, and breakages \$6,124.40, making the total betting revenue, as stated above, \$69,164.20.

The purses paid amounted to only \$31,700.00, while wages and salaries, operation and maintenance, and small incidental expenditure, such as printing, advertising, and War Tax, made a total detailed expenditure of \$94,544.72. A further item appears in the account of "Expenditures other than the foregoing, no particulars furnished, - \$15,000.00"; and an additional item, "Expenditures on Construction account not included in the above, - \$140,000.00". So far as appearances go, therefore, it would seem that no profit accrued from this meeting.

As explanatory of the item in expenditure "Rental \$10,000", it is said by Mr Beaton that the Davies Estate leased the land to the Association for ten years renewal at \$10,000 per year, from January 1st, 1917.

The Commissioner is informed, but has been unable to verify the statement, that the lease provides that, the rental of \$10,000 per annum is not payable in any year in which racing in Canada with betting is prohibited.

At a meeting of the Association, held on July 16th, 1917, just prior to the race meeting of that year, Mr Burgess resigned as a Director and was succeeded by a Mr J. C. Holtby; Mr George T. Davies was replaced by Mr Burgess as Vice-President, and Mr Robert S. Davies, who resigned, was succeeded on the Directorate by Mr Fred Wright of Baltimore. At this meeting Mr

Berger, of Chicago, became President, and Mr H.P. Conkling replaced Mr Jarvis as Secretary-Treasurer.

Mr Beaton states that - "A meeting was held, "In January, 1918, at which an agreement was authorized "between the Association and C.A.B. Bryan, and James P. "O'Hara of Baltimore, for the sale of the Company "for \$64,000.00". At a meeting in June, 1918, Mr Holtby was replaced as a Director by Mr O'Hara and Mr Berger, the President was replaced by Mr C.A.D. Bryan. This change, which it will be seen was subsequent to the sale, resulted in Mr Bryan becoming President, Mr O'Hara Vice-President, and Mr Fred Wright, Secretary. Later Mr E.J. Mackenzie became interested in the project, and the Commissioner is now informed by Mr Beaton, the Solicitor for the Association, that Mr Mackenzie has secured all but a few of the shares held by Bryan and O'Hara. Mr Beaton further states that it is the intention to immediately re-organize the Association, with all Canadian stockholders and directorate.

The Charter of the Thorncliffe Park Racing and Breeding Association is appended to Volume No. 2 of the Record of Proceedings as Exhibit No. 22, while the financial statement for 1917 appears as stated above on pages 31 to 35, of Exhibit No. 17A appended to Volume No. 2.

LONDON JOCKEY CLUB:

This Club was incorporated on the 18th March, 1912, under Dominion Letters Patent, the applicants being R.R. Bruce, J.L. Counsell, William J. Southam, Horace F. Wilcox, and St. Clair Balfour, all of the City of Hamilton.

The capitalization was two hundred and fifty thousand dollars, divided into twenty-five hundred shares of \$100 each.

The Club was not represented at any of the hearings in this Inquiry, but the information furnished by Mr J.L. Counsell, Barrister, of Hamilton, Ontario, one of the original applicants for incorporation, is as follows:

The Club has secured one hundred and twenty five acres of land on Dundas Street, just east of the City of London, Ontario, where it was preparing to build when the war broke out.

Mr Counsell stated that "Messrs Madigan and Larkin" were co-owners with him of this property until the Spring of 1919, when he bought out their interest. The Mr Madigan named is probably Mr John Madigan who is the President of the Niagara Racing Association, referred to elsewhere in this report.

He states that the Club held one meeting, at London, some years ago, but the Commissioner has been unable to secure from him any details, financial or otherwise, as to this meeting.

A copy of the Charter is appended to Volume No. 2, of the Record of Proceedings, as Exhibit No. 23.

From a reference to the report on the Back River Jockey Club, of Montreal, it will be noted that this is said to be the Charter secured from Mr Counsell by the Club in question for the purpose of holding a third meeting, with betting, in Montreal, before the coming into effect of the Order-in-Council. The Commissioner has not been able to ascertain the amount of the consideration, involved in this transaction.

WINDSOR JOCKEY CLUB:

At the hearing, held at Windsor, Ontario, on October 4th, 1919, Mr George M. Hendrie, President of the Windsor Jockey Club, appeared on its behalf, and upon examination by Mr D.L. McCarthy, K.C., testified to the following effect:

He was President of the Windsor Jockey Club, incorporated in 1912, the track being situated at the head of Ouellette Avenue, outside the City of Windsor. The property consisted of between 95 and 100 acres, with a Club House, Grandstands capable of seating about 7,500 people, and stables to accommodate 680 horses.

The original capitalization was \$200,000 which has been increased to \$500,000.

During the years 1912 to 1916 inclusive, the Club held two seven day meetings each year (in July and August) and in 1917 one seven day meeting was held. In 1912, 1913, and 1914, book-making was the system of betting used, while in 1915 the Pari-Mutuel machines were installed and used thereafter, until the last meeting in 1917.

Mr McCarthy put in evidence a list of Directors of the Windsor Jockey Club (Exhibit No. 2); a list of shareholders showing the amount of stock held by each, (Exhibit No. 3); a list of members (Exhibit No. 4); and a statement showing the operations of the Club, beginning with the year 1913, (Exhibit No. 5).

Mr Hendrie further testified that the Club was a partnership up to the end of the year 1912 when ~~year~~ it became a Company, that being the reason for showing its operations only from the year mentioned.

He confirmed the statements submitted with regard to purses paid, and the doubling of these to Canadian bred horses in the last three years of operation.

He certified also to the correctness of the statements covering the pay-rolls, maintenance and up-keep, and general expenses, and ^{stated} that these figures did not include any amounts for depreciation.

He stated that the receipts and the character of the racing at the Windsor Jockey Club Track had greatly improved since the Club began its operations, and that he attributed this improvement to the fact that in 1911 and 1912 the tracks were not open in New York State, and all the large owners sent their stables to Canada, which gave better races, much better horses and better racing, the tracks made more money because more people came to see them. He believed that the United States were now reaping the benefit of the cessation of racing in Canada, such men as Mr J. K. L. Ross, and Mr Seagram having gone over there.

At Windsor they were largely dependent for their crowds on the City of Detroit.

Mr McCarthy also filed, as Exhibit No. 6, a copy of the General Bylaws of the Windsor Jockey Club, which appear on pages 616 to 620, of the Record of Proceedings, Volume No. 3.

The statements already referred to as filed on account of the Windsor Jockey Club, also appear in the Record of Proceedings, Volume No. 3, pages 606 to 613, inclusive.

Continuing his testimony, Mr Hendrie stated that, they owned the land occupied by the track, the value of this property at the present time as a real estate proposition would be well over \$750,000, he having refused that amount for it a short time before. If racing continued they would not be willing to accept that amount for the property. The Club's assets as fixed by the Government for taxation purposes was \$554,000.00, the proportion of this chargeable against the land being \$500,000.00.

Mr McCarthy, before closing his examination of Mr Hendrie, stated that, the Club's records were open to the Commissioner.

On cross-examination by Mr Raney, the witness testified as follows:

He had been connected with horse racing, in Windsor, from the time they gave their first little running

meeting there in 1894. He had been deriving a revenue from horse racing in Windsor since possibly 1906, this being from a track operated on the site of the present Windsor Jockey Club track. This revenue was derived chiefly from the gate receipts and betting privileges, combined with the programme and some smaller things. He was at this time associated with Mr Parmer of Tennessee and the witness and Mr Parmer had continued to run the track in partnership down to 1912 when the present Jockey Club was formed.

In the course of Mr Hendrie's evidence it was brought out that up to the time racing was discontinued on the Windsor Jockey Club track in 1917, the Charter originally issued to the Windsor Fair Grounds and Driving Park Association, as amended by Supplementary Letters Patent in 1912, was ^{used} ~~renewed~~ by this Club. He was unable to produce the original Charter, but was prepared to send it to the Commissioner, to whom he was also willing to produce the Supplementary Letters Patent.

He stated that if the returns made in 1911 to the Provincial Secretary showed a paid up capital of \$29,500, that was correct; that Walter O. Parmer was his partner for a number of years, and had been his partner in this race course since 1906. He had been associated with Mr Parmer in a track at Highland

Park, in the State of Michigan, and upon their lease expiring there, they moved to Windsor. He was not connected with, nor a shareholder in, any other race tracks either in the United States or Canada, except the Ontario Jockey Club. In the case of the last mentioned, he was a shareholder only; he had been a shareholder in the Hamilton Jockey Club to the extent of one share some years ago when it started; and thought he had sold it before 1910. He was either unable, or unwilling, to state what this share had cost him, what dividends he had received on it, and the price at which he had sold it.

He gave information as to the several shareholders in the Windsor Jockey Club as shown by the statement submitted, and stated that these gentlemen purchased their stock from the Club; he was unwilling to state the amount they had paid for it. The present capitalization of the Club is \$500,000. Upon further cross-examination as to the date of the increase in capitalization from \$200,000 to \$500,000, the witness stated his inability without memoranda to explain the confusion of dates, which seemed to have arisen in regard to this matter.

It may here be noted that, the Commissioner was later able to secure full information as to this Charter, from the Office of the Provincial Secretary, and it is referred to later in this report.

Witness stated further that, while previous to 1912, he and Mr Parmer operated the track under the Charter of the Windsor Fair Grounds and Driving Park Association it was a partnership only between himself and Mr Parmer; they owned all the stock and the other persons connected with it held qualifying stock only. He and Mr Parmer treated it as a partnership, and he did not think that any others received any share of the profits. He could not tell how much he and Mr Parmer put into the project in the beginning -- they did not bother much with books, having the property between themselves at the time. He and Mr Parmer put fresh money into it after 1911, but he refused to state how much. The property being worth it they increased their capital stock by Supplementary Letters Patent, in 1912, to \$200,000, and admitted that in that year they divided the \$200,000 worth of new stock, above the amount that had been previously paid up, \$29,500, among the existing shareholders, there being value for the stock in the property; that in 1916 they asked for a further increase in the capital stock to \$500,000, and that this additional stock was distributed before the Charter was really amended.

He reiterated his statement that the track property was worth at least \$750,000 as a real estate proposition, and stated that besides the track

they had \$15,000 worth of Victory Bonds and a small cash surplus in the Bank. He confirmed the correctness of the list of shareholders already submitted, and stated that the shares shown on this list, as held by him in trust, were owned by the estate of his late uncle, George Hendrie; He was never in partnership in race tracks with his brother Sir John Hendrie, but had, at one time, been in partnership with him in a racing stable.

The Club had adopted the Pari-Mutuel system of betting in 1915, having before that time used the book-making system. They had found the Pari-Mutuel a great success financially. This Club had never taken more than 7% from the machines.

He was paid a salary as President of the Club, but refused to tell the amount; his Club received a rebate of a portion of the Government License fee on account of purses paid to Canadian bred horses. This Club had not done anything directly, except through increased purses, to assist in the horse breeding industry. He was interested in racing, not especially because of the money to be made, though he, of course, wished to secure a return on his investment. He confirmed the list of dividends paid, as shown by the statement.

In 1915 the Club had installed 32 Pari-Mutuel machines; this number having been since increased to 35. In 1916 the Club took 5% from the machines, which was apparently increased to 7% for the one meeting of 1917.

His own residence was in the City of Hamilton and he had no residence in Detroit, though he had at one time a home at Sandwich, Ontario. His Club had raised no objection to the coming in of the Kenilworth Track but did object to the granting of a third license to the Devonshire Track. He thought the people of Windsor were well satisfied with two tracks. Without the people who attend the races from Detroit, any clubs at Windsor could have only small meets, not on the present scale.

He had not opposed the coming in of the Devonshire Track on account of its officers, but because he thought it would hurt racing in Windsor.

He knew, as a matter of common knowledge, that Grant High Brown was connected with the Devonshire Track.

He confirmed the betting revenue of the Club as taken from the statement submitted.

questioned by the Commissioner as to his views in the matter of surplus revenue from the various tracks being devoted to public purposes.

witness stated,-

"Yes. I think a certain amount should go
"to the Thoroughbred horse; a certain amount
"to the Agricultural Societies, the balance
"to good roads or some other purpose. I should
"say that the Thoroughbred horse should not
"be overlooked".

On further cross examination by Mr. Raney,
witness stated that the present shareholders all
paid for their stock in the Windsor Jockey Club,
but as he held this to be a personal transaction,
he refused to tell the amounts paid by each.

He agreed to produce all books and records
to the Commissioner, but would not agree that the
cross-examining counsel should have access to
them.

This completed Mr. Hendrie's evidence.

In subsequent correspondence with the
Commissioner, Mr. Hendrie has repeated the state-
ment that no books or financial records existed
up to the end of 1912, during which time the
business was conducted as a partnership between
himself and Mr. Walter O. Farmer, this having
been, apparently, an arrangement of the same
nature as that represented by Mr. Abram

Orpen, of Toronto, as existing between him and Mr Thomas Hare, with regard to the Metropolitan Racing Association and the Hillcrest Track.

The statements submitted, in evidence, by Mr Hendrie, provide the following facts regarding the Windsor Jockey Club, for the period 1913 to 1917, inclusive:

Two seven day meetings were held in 1913-1914-1915, and 1916, while in 1917 only one meeting was held, previous to the coming into force of the Order-in-Council prohibiting betting.

Pari-Mutuel machines were installed in the Spring of 1915, book-making having been used prior to that time.

The betting revenue amounted in 1913, (with book-making) to \$77,073.00, rising in 1914, the last year of book-making, to \$81,150.00. In 1915 the first year of the Pari-Mutuels the betting revenue increased to \$196,650.00, and in 1916 with two meetings it reached \$308,332.25, and for one meeting in 1917 amounted to \$181,435.85, a total betting revenue for the period, with nine meetings, of \$844,548.00.

The gate receipts ranged from \$85,902.75 in 1913 to \$137,494.75 in 1916, while for the one meeting of 1917 the gate receipts were \$59,031.50, a total revenue from this source, for nine meetings, of \$465,764.50.

The purses paid in 1913 were \$63,010.00, this steadily increasing until in 1916 the very considerable amount of \$85,800 was paid in this way, and for the ~~XXXX~~^{one} meeting of 1917, the sum of \$53,500 was paid, a total for the period of \$341,080.00.

It will be noted from the foregoing that the Club received, in betting revenue, during the period (1913 to 1917 inclusive) the sum of \$844,643.00, and in gate receipts the sum of \$465,764.50, a grand total of receipts from these two sources, of \$1,310,407.50. The Commissioner has not been able to secure a statement of the incidental receipts accruing to the Club during the period, from programme, refreshment, and other privileges.

Out of this total amount, the Club paid in purses during the period, the sum of \$341,080.00.

The Maintenance and Payroll accounts which, in 1913, amounted to \$51,761.50, rose in 1916, with two seven day meetings, to \$172,849.36, a portion

of this increase being, doubtless, due to the installation of the Pari-Mutuel machines, the expenditure on these two accounts totalling for the five years the sum of \$459,971.80.

A 20% dividend on the total stock was paid in each year, from 1913 to 1917, both inclusive (this having been paid according to Mr Hendrie's evidence on the capitalization of \$200,000 during the years 1913 and 1914, while in the years 1915, 1916, and 1917, the 20% dividend was declared on the capitalization of \$500,000.00.

The statements submitted in evidence by Mr Hendrie are appended to Volume No. 3 of the Record of Proceedings, as Exhibits Nos. 2, 3, 4, 5, and 6, while the list of horses imported by him is also appended to Volume No 3, as Exhibit No. 1.

The Charter under which this Club operated up to 1917, was first secured in the form of Letters Patent from the Ontario Government in 1864, being known as the Windsor Fair Ground and Driving Park Association, with a capitalization of \$5,000 divided into sixty shares of \$100 each.

On June 9th, 1893, Supplementary Letters Patent were granted, increasing the capitalization to \$50,000, and on December 18th, 1912, an Order was

is sued changing the corporate name to the Windsor Jockey Club, Limited.

Again, on January 10th. 1915, Supplementary Letters Patent were granted, increasing the capitalization to \$500,000.

In explanation of the misunderstanding which appeared to exist at the Windsor hearing as to the actual date of the last authorized increase in capitalization, the Commissioner has since received information from the office of the Provincial Secretary for Ontario, to the effect that although the Supplementary Letters Patent to increase this capitalization were applied for in 1915, they were not granted until 1916.

The application was held in abeyance for a considerable time, pending the consideration of the Departmental policy to be adopted with respect to the issuance of Letters Patent and Supplementary Letters Patent to Jockey Clubs and Racing Associations generally.

Certified copies of the several Letters Patent issued in this case are appended as Exhibit No. 7 to Volume No. 3 of the Record of Proceedings.

At the Windsor hearing, evidence was given as to the general effects of racing on that community by Colonel E. S. Stgle, Mr. A. F. Healy and Chief Elias Wills of the Windsor Police Force. (See pages 648 to 660, Volume No. 3, Record of Proceedings.)

KENILWORTH JOCKEY CLUB:

At the hearing at Windsor, on October 4th, 1919, Mr Charles Millar, a Director of this Club, appeared in its behalf, with Mr A.R. Bartlett as Counsel.

On being examined by Mr Bartlett, the witness stated that he was a Director and a shareholder in the Kenilworth Jockey Club, which was capitalized at \$200,000. He holds 40 shares, there being only five shareholders altogether, all residents of Toronto; there is about \$225,000 capital investment in the property known as the Kenilworth Track, and there is about \$30,000 still unpaid.

The Club commenced to operate this track, which is about three miles from Windsor at the Junction of the Electric Line and the Michigan Central Railway, in the Township of Sandwich West, in the year 1916. The property consists of over 140 acres, of which about 70 acres are used for the track, stands, lawns, stables, etc. The largest steel grandstand in Canada, (450 feet long and 95 feet wide) has been built on this property, seating 10,000 people. The Pari-Mutuel system of betting is used, a Mr Eired, who is also engaged by the Clubs belonging to the Canadian Racing Association, handling the machines.

The Club, though not a member of the Canadian Racing Association, operates under its rules, has its dates fixed and is supplied with officials, stewards, etc. by that body.

Mr Millar states that they had accommodation for about 600 horses. Three meetings were held on this track, two in 1916 and one in 1917.

Some evidence was given by this witness as to the character of the crowd coming from Detroit to attend these races and the absence of disorder at the race track.

Mr D.L. McCarthy, K.C., also questioned the witness as to his breeding and racing operations and the cessation of these. The evidence given by Mr Millar on these points will be found on pages 664 and 665 of Volume No. 3 of the Record.

Under cross-examination by Mr Raney, K.C., Mr Millar stated that the present Kenilworth Jockey Club was originally, and before he had anything to do with it, the Northern Riding and Driving Association, the Charter having been brought down by the late Mr Gamey of Manitoulin Island. He did not know of it under the name of the Gers Bay Riding and Driving Park Association, but Mr A. Orpen, of Toronto, Mr Millar and other Directors had arranged for another change of name to the "Kenilworth Jockey Club".

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Further cross examination of the witness, by Mr Haney, elicited the following facts, regarding this Club,- Supplementary Letters Patent were issued in 1915, changing the name of the Association to and Driving the Northern Riding/Company, and increasing its capitalization from \$1,500 to \$25,000; in February, 1916, Supplementary Letters Patent were granted increasing the capital stock from \$25,000 to \$200,000, and later in 1918, the corporate name was changed to the Kenilworth Jockey Club Limited, and the capital stock re-divided into 2,000 shares of \$100 each.

The present directors are Charles Millar, Abram Orpen, Thomas Hare, John Hare, and Samuel McBride, all of Toronto; Mr Millar has 400 shares, Samuel McBride has 150 shares, Thomas Hare has 375 shares, John Hare has 375 shares, and Abram Orpen 700 shares, thus making up the total issue, all stock being fully paid up. The plant has been paid for largely out of profits, about \$180,000 having been paid out in this way, and the witness stated that against his \$40,000 paid up stock the Club still owed him \$6,000 or \$8,000.

Of the three meetings held at this Club, the first brought a profit of about \$31,000, the second about the same and the third about \$110,000.

The witness produced the Kenilworth Jockey Club Charter, but had never seen any of those previously

issued. The Club has no auditor and keeps no minute books, or books of account, so far as the witness knew. The monies received all went into the concern, after the expenses of a meeting was paid.

The witness was 'in the game' for the amusement, the contests and the prizes, and incidentally for the dividends. He was a shareholder in the Ontario Jockey Club, and the Connaught Park Jockey Club. The Kenilworth Jockey Club had made no contributions to the breeding industry.

He had been personally opposed to the coming of the Devonshire Track to Windsor because it hurt racing, but had never lodged a protest.

Mr Orpen, at the Toronto hearing, on October 2nd, 1919, stated that he held a 40% interest in this Track and it is apparently conducted by the directors named, Messrs Orpen, Millar, Hare, and McBride, along the same lines as are Mr Orpen's other tracks in Toronto, except for the fact that on this Track the Pari-Mutuel machines were used instead of book-making.

No books are kept, and there being no shareholders other than those named, the diversion of the monies received would seem to be a matter of private agreement among them. Mr Millar stated in evidence, that all money left after the expenses were

paid went into the buildings and equipment.

The only figures available with regard to this track are those furnished by the Government return made by Messrs Clarkson, Gordon and Dilworth on Ontario Race Tracks in 1917.

This statement, which will be found at pages 37, 38, 39, and 40 of Exhibit No. 17-A, to Volume No. 2 of the Record, covers, of course, only ^{it} the meeting of July 1917, shows the gate receipts to have been \$34,287.05, while the net receipts from the Pari-Mutuel machines were \$175,422.40. These two amounts with the incidental receipts from programme, refreshment, and other privileges, made a total revenue of \$214,008.98.

Mr Millar stated in the course of his cross examination, by Mr Nancy, that he did not know the actual percentage deducted from the machines, but did know that it varied from five to seven per cent. As against this statement, the Government Auditors show a deduction by the Club of 10% on a gross of \$810,780.00 (21 races) and a deduction of 8% on a gross of \$991,159.00 (28 races) together with surpluses, or breakages, amounting to \$13,051.68, totalling, as above stated, in percentages from the machines \$175,422.40, or an average revenue for each of the forty-nine races of \$5,539.23.

In this connection the statement of the Auditors as to the method of securing the information with regard to the receipts from this track, as appearing on pages 37 and 38 of Exhibit No. 17-A is especially interesting.

With regard to the operation of the Pari-Mutuel machines, at this track, the auditors say:

"As in the case of the Race meetings on the other mile tracks, we procured from this Association at the close of every race, duplicate copies of the calculators' sheets which showed the required details as to gross collections, winnings payable over commissions and surpluses. From these we compiled a statement for each day's racing and a summary for the whole meet. We were not, however, able to check and test the figures at the close of each race, as thoroughly as we had done at the other mile tracks. The Pari-Mutuel staff were either not competent to handle the system properly, or else they did not consider it necessary to get the returns from each race cleared up promptly. For instance, the readings from the calculators of the ticket boxes in the hands of the sellers were not always made before the finish of each race, and tickets were frequently left in the hands of the sellers until after the results of the race were made known.

"At the other tracks we frequently compared the figures on the calculators' sheets with the figures on the cash cards, after the latter had been checked in the money room with the actual cash brought in by the sellers at the commencement of each race. At the Kenilworth Track, however, the cards were frequently found to be altered by amounts being added. The staff in the money room was not properly organized and the work of counting the money was so congested that a thorough inspection of this Department was impossible."

It is sorely necessary to point out the extremely serious nature of the above statement, especially when read, as it undoubtedly should be, between the lines.

With regard to the expenditures made by the Kenilworth Jockey Club in purses, salaries, maintenance, or otherwise, the Auditors state that, "This information applied for but not obtained."

It may be here noted that the same attitude was assumed toward the Government Auditors by the Toronto Driving Club of Hillcrest Track and the Metropolitan Racing Association of the Dufferin Park Track in Toronto, which are under practically the same control, at both of which however, in addition to refusing information as to disbursements, all particulars as to the amount of money bet, or the revenue to the Club from the betting privileges was also denied.

The attitude of the Kenilworth Jockey Club in connection with this 1917 audit is set forth in Mr Miller's evidence, under cross-examination by Mr Haney, on page 670, of the Record (Volume No 3) as follows:

MR HANEY: "Did you know that the Government had Auditors on your track in 1917, to get a report on your track in 1917 ?

MR MILLER: "I heard it.

MR HANEY: "Did you understand that that report was to be confidential ?

MR MILLER: "Somebody told me it was. If we had not thought so I think we would have resisted.

MR RANNEY: 'You would have resisted the Government?

MR HILLAR: 'What do we care for the Government? We would not have given it up. Some of the tracks did not.'

The Auditors' statement referred to appears on pages 37, 38, 39, and 40 of Exhibit No. 17-A, to Volume No. 2, and the Charter and Supplementary Letters Patent are appended as Exhibit No 8 to Volume No. 3, of the Record of Proceedings.

WESTERN RACING ASSOCIATION:

The Western Racing Association which, in 1916 and 1917, operated the one mile Devonshire Track, at Windsor, Ontario, was, during the period of the Inquiry and apparently still is, in process of transfer. The Commissioner did not, therefore, find it possible to secure very extensive or definite information as to the details of its operation.

Mr Bradley Wilson, who appears to be acting on behalf of certain interests in the United States, has, according to his own statements, completed negotiations for the transfer, to these interests, of a majority of the stock of this Association. He appeared before the Commissioner, at the Windsor hearing, on October 4th, 1919, but as his evidence was necessarily limited to his very recent connection with the organization, it had but little value for the purposes of the Inquiry.

The facts regarding this Racing Association, as secured by the Commissioner, since the Windsor hearing, are as follows:

A Charter, in the form of Dominion Letters Patent, originally issued under the

Companies' Act of 1902, to the Ottawa Racing Association Limited, was purchased by Mr M.B.Hepburn, M.P. from the Connaught Park Jockey Club, into whose hands it had come with the other assets of the original Association. This Charter, which at first provided for, a capitalisation of \$100,000, was amended by Supplementary Letters Patent, on December 19th, 1914, the corporate name being changed to the "Western Racing Association Limited". Additional Supplementary Letters Patent were granted, on September 22nd, 1916, increasing the capital stock to \$200,000, and on January 25th, 1917, this capitalisation was again increased to \$350,000. After the last increase, the capital stock apparently consisted of 3,500 shares of \$100 each.

The group forming the Western Racing Association, Limited, are said to have acquired, early in 1916, a lease of the 123 acres of land at Windsor, now known as the Devonshire Track, the rental being \$3,720 per year, with an option to purchase, within 20 years, at \$600 per acre, and under the Charter referred to above, this Association held two seven day meetings in 1916, and two seven day meetings in 1917, on this track.

The secretary of the Association was Thomas J. Duggan, who was also in charge of the affairs of the Back River Jockey Club in Montreal, previously referred to in this Report.

In the operations on the Devonshire Track, Thomas J. Duggan was, as in Montreal, associated with Grant Hugh Brown of New York, and these two men, shown on the statements as President and Secretary respectively, are said to have managed the meetings in 1916 and 1917. The Pari-Mutuel system of betting was used in both years.

Since that time legal proceedings have been instituted against T.J.Duggan by the minority shareholders of the Association, presumably for the recovery of certain of the proceeds of the meeting in question.

Early in the Summer of 1919, Mr Bradley Wilson, previously referred to, took up with Grant Hugh Brown, in New York, the question of the possible purchase of the Devonshire Track, and was referred to T.J.Duggan of Montreal, with whom he states he has since entered into an agreement for the purchase of 1,126 shares of the stock of the Western Racing Association. This number constitutes a controlling

interest, only 2,000 shares ~~have~~ ^{having} been issued and paid up.

In the evidence at Windsor, Mr Bradley Wilson represented himself to be General Sales Manager for the Yale Piston Ring Company of New York, a concern which he had organized.

He stated that he had assisted, very materially, in the organization of the Thoroughbred Horse Association in the United States, in 1916 and 1917, the headquarters of this body being at Lexington, Kentucky; that it was composed of breeders and lovers of the Thoroughbred throughout the United States and Canada. Further details regarding this organization, as given by Mr Wilson, will be found at page 691 of the Record of Proceedings, Volume No. 3.

Mr Wilson's explanations as to his connection with the Association, and the work which he has been doing in its behalf, were exceedingly vague, and left much to the imagination.

He stated that he had, from time to time, made trips on behalf of this Association, but that he had received no salary or remuneration.

other than his expenses.

He had succeeded in effecting an organization of owners, trainers, and others interested in racing at the Havre de Grace Track in Maryland, which resulted in the purchase of the said track and its equipment, and he claimed that racing conditions there had been materially improved as a result of this transaction.

While at Havre de Grace, he heard of the Devonshire Track being on the market, and in May of 1919 he got in touch with Grant Hugh Brown, in New York, and was recommended by Brown to come to Montreal to see T. J. Duggan. He had not known Grant Hugh Brown before that time, but since, lots of people had warned him against him.

He had made an arrangement with T. J. Duggan to secure a controlling interest in the Devonshire Track for his clients in the United States and he had also been able to persuade some of the original stockholders to remain in the organization.

According to Mr Wilson's statements, the interests he represents propose, if racing is resumed, to open and operate the Devonshire Track on improved lines.

A copy of the Agreement entered into, between T.J.Duggan and Bradley Wilson is appended as Exhibit No. 9-A to Volume No. 3 of the Record of Proceedings.

A typewritten stock subscription list, submitted to the Commissioner by Mr Bradley Wilson, since the Windsor hearing, is also appended to Volume No. 5, as Exhibit No. 9-B. This is said, by Mr Wilson, to be a list of persons who have promised to become stockholders in the Western Racing Association.

Mr Bradley Wilson's statements that he had never seen this track, that he was not a horse-man, or a racing man, as also with regard to his previous visits to Canadian tracks, given under cross-examination, by Mr McCarthy, at the Windsor hearing, will be found in his evidence appearing on pages 674 and 683, and pages 690 to 724, Volume No. 8, of the Record of Proceedings.

Statements of the operations of the Western Racing Association, in 1916 and 1917, have been secured from Mr Duggan, through the Solicitor for the Association at Montreal, these having been

verified as correct copies as taken from the records now in the possession of the latter.

These statements are as follows:

Balance sheet, as at December, 31st, 1916.

Profit and Loss Account, for period ending Dec. 31/1916.

Balance sheet as at December 31st, 1917.

Profit and Loss statement as at December 31st, 1917.

Balance Sheet as at December 31st, 1918.

From the Balance Sheet as at December 31st, 1918, it will be noted that the assets are given as \$228,819.28, with issued capital stock of \$200,000, of an authorized capitalization of \$350,000.

The Profit and Loss Account for 1916 (14 days racing) shows a revenue from gate receipts of \$38,726.00, betting revenue \$60,000.00, while the programme, restaurant and other incidental receipts, brought the total revenue, for the year, to \$108,743.97.

As against this in 1916, is shown an expenditure in purses of \$61,300, which added to the salaries and operation, shows a total expenditure of \$148,802.58, with a resulting apparent loss, for the period, of \$45,058.61.

The statement for 1917 (14 days racing) shows a revenue from the betting system of \$268,674.12, gate receipts amounting to \$52,102.40, and incidental receipts which bring the total revenue for the period up to \$326,940.40.

The expenditure in purses at the two meetings of 1917 totalled \$70,700; the salaries for this period amounted to \$21,520, of which amount T.J.Duggan is shown as receiving \$3,000, Grant Hugh Brown \$3,000, and P.G.Demetre (salary 2 years) \$5,000, the balance being made up of smaller amounts.

The Operation account for 1917, amounts to \$207,527.33, which, added to salaries account, makes a total expenditure of \$229,047.33, leaving an apparent profit balance from the two meetings of only \$97,893.07.

These statements indicate a net profit on the two years operation of only \$52,834.46. In this connection the details of expenditure in both years, as set forth on pages 2 and 5 of the statement (See Exhibit No. 9, Volume No. 3), are worthy of note.

Attention is also directed to the statement of the Government Auditors on this Track for 1917,

which appears on pages 47 to 64 inclusive of Exhibit No. 17-A, to Volume No. 2.

From this it will be noted that the figures as taken at the track by these auditors, do not agree, in all cases, with the books of the Western Racing Association. The Gate receipts for the two meetings of 1917 are shown by the Auditors as \$52,417.40, the Club shows these as \$52,102.40;

In the case of the gate receipts, the auditors say that the amount as shown in their statement was subject to some small increases or decreases, because of overages or shortages made by the sellers, there being no turnstiles on the gates.

The Auditors' show the betting revenue from the two meetings in 1917, as \$268,276.15, while the Club's records show this betting revenue as \$268,674.12.

The Auditors' show the total revenue from the two meetings, from all sources, as \$328,344.18, while the Club's records show a total revenue of only \$326,940.40.

On the other hand, the Auditors' records show a total expenditure for the two meetings of \$222,126.77, while the Club's records show an expenditure of \$229,047.33.

In the case of the Pari-Mutuel betting revenue, the auditors' state that this Club, at the first meeting in 1917, took a commission of 8% from the machines on 21 races, and 10% on 28 races, these two, with breakages, making a total of \$125,433.15 in betting revenue from this meeting; at the second meeting a commission of 10% was taken on the whole 49 races, which with the breakages amounted to \$142,843.00 for the meeting; this betting revenue may be summarized for the two meetings as follows:

First Meeting,	49 races,	revenue,	\$125,433.15
Second Meeting,	49 races,	revenue,	\$142,843.00
			<hr/>
	98 races,	Total,	\$268,276.15

An average per race in betting revenue, \$2,737.51.

The Statements of this Club's operations, pages 1 to 6 inclusive, will be found appended as Exhibit No. 9, to Volume No. 3, while the copies of the various Supplementary Letters Patent, issued in the case of the Western Racing Association will also be found appended as Exhibit No. 10 to

Volume No. 3, of the Record of Proceedings.

The portion of the Government Auditors' statement, referring to the Western Racing Association, will be found at pages 47 to 54 inclusive of Exhibit No. 17-A, appended to Volume No. 2, of the Record of Proceedings.
