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'Well-Known Fact' Road Men Worked on Church—Branca

Mortgage Issue Before Inquiry

The man who held the mortgage allegedly paid off as a favor to Highways Minister P. A. Gaglardi began testimony before the highways graft probe today.

(See also page 2.)

Within minutes the inquiry was in an uproar as counsel Lloyd G. McKenzie tried to re-

strain Herbert H. Gillespie from giving rapid-fire hearsay evidence.

Mr. Gillespie, who said he was retired "because I made enough money," said he loaned \$7,500 to a group of people representing a sub-contractor on Project 819. Among them was Vincent L. Gresty, previously identified as an employee of the highways department at the time—early 1958.

Earlier Fred S. Bell, bookkeeper for Union Contractors, which was building 819, said that Mr. Gresty was also apparently acting for the sub-contractor Mid-City Construction.

\$9,000 PLUS

Mr. Gillespie said the \$7,500 was to be repaid with \$9,000 plus 6 per cent interest.

When he tried to collect payments, he said, Mr. Gresty gave him "a line of alibis" and "a song and dance."

He said he had been told Mr. Gresty was a road contractor, but when he drove to Kamloops seeking payments on his loan he found he was not—"he was a superintendent there." (Mr. Gresty was mechanical superintendent for the highways department.)

Mr. Gillespie gave his testimony at speed, and Mr. McKenzie several times tried to halt him.

Finally Mr. Gillespie said loudly: "Do you want the story or don't you?"

The inquiry adjourned for lunch and was to resume questioning of Mr. Gillespie afterwards.

Earlier Mr. Bell had identified a letter about the mortgage in question from a firm of Kamloops lawyers.

HE KNOWS

It is said that Mr. Gillespie's accountant, W. R. Myhill-Jones, had telephoned Mr. Gaglardi "and we quote":

"It seems as if he (Mr. Gaglardi) knows all about the \$6,000 plus interest owing to me, but he was surprised to

Continued on Page 2

It is a well-known fact that two men on a highway construction company payroll actually worked on a Kamloops church, the graft inquiry was told Monday.

Earlier testimony before the special board of inquiry set up by the legislature was that the two men had been sent some \$4,000 in cheques to the home of Highways Minister P. A. Gaglardi in Kamloops.

Mr. Gaglardi is also minister of the Calvary Temple there.

The highways department lawyer, Angelo Branca, brought out the connection.

The two men, Larry Jontz and Dominick Donatelli, were on the payroll of Bonanza Construction Co. between July and December of 1957.

Bonanza was meeting the payroll at the time for Project 819 of the highways department near Revelstoke.

Mr. Branca asked Fred S. Bell, Bonanza's bookkeeper:

"Is it not a well-known fact these two men worked on Calvary Temple in Kamloops?"

Mr. Bell said he had no personal knowledge but he had read this in the newspapers and people told him.

Mr. Branca said the story had been in the newspapers in September, 1959.

Earlier James Rhodes (NDP-Delta) asked whether income tax authorities knew about the payments.

Mr. Branca said that if it was a charitable donation it would not be taxable.

Mr. Bell said that he was instructed to pay the men and also to write a letter terminating the payments by Burton Lymburner, president of L and M Logging the contractor on Project 819. He said he could not tell what it meant.

Also introduced as evidence Monday was a letter from Anthony Gaglardi, identified as the highways' minister's brother, who was foreman on the job done by the two men in Kamloops.

DIFFERENT STORY

Mr. Bell also testified about the contentious mortgage of V. L. Gresty a former highways employee, paid off by Clyde W. Thornton, vice-president of one of the companies involved on 819. Dick Holzworth, president of the Union, has charged Mr. Gaglardi sought payment of the mortgage in return for future favors.

Mr. Bell said that when the mortgage was paid Union did not owe any money to a firm with which Mr. Gresty was involved, Mid-City Construction. In fact Mid-City owed Union \$25,000 and there was an assigning order that if any money were paid, it should go to a creditor.

... INQUIRY

Continued from Page 1
hear that this matter had not been taken care of long before now as when Union Contractors was given permission to pay certain accounts the above matter was discussed in front of him and he was told by Mr. Clyde Thornton that his obligation would most certainly be taken care of by Union Contractors."

Mr. Thornton, vice president of Union, has said he paid \$6,702 to a lawyer on behalf of Mid-City and sometime later received the assignment of the Gillespie mortgage.

The president of Union, Dick Holzworth, has charged that Mr. Gaglardi "prevailed upon" Mr. Thornton to pay it off in return for future favors.

Mr. Bell was present at a meeting in Victoria between Mr. Gaglardi and principals

of Union Contractors at which the question of paying sub-contractors was discussed.

He told the inquiry this morning that Mr. Gaglardi "didn't make any promises that I can recall."

"He stated that no one had any influence with the department—that he would make his own decision."

Mr. Bell said the highways minister also told Burton Lymburner, one of the contractors previously alleged to be a "contact man" that he had no influence either.

At the start of this morning's hearing, Angelo Branca, highways department counsel, said that work done on the Kamloops church at which Mr. Gaglardi preaches was a "donation" from the company building Project 819.

WED., APRIL 3, 1963

Comptroller's 'Suggestion' Sparked Mortgage Deal

The highways department comptroller said Tuesday payment of a controversial mortgage followed a suggestion he made to a contractor to "look into" the debt.

A. E. Rhodes told the highway graft inquiry that it was normal practice for his department to push contractors to pay off debts to sub-contractors.

"We feel that we have perhaps a moral obligation," he said.

The man who held the mortgage and his accountant testified that it took three telephone conversations with Highways Minister P. A. Gagliardi and a letter to Mr. Rhodes to get action.

The mortgage payoff was \$6,702.30. It went from contractor Clyde W. Thornton to Herbert H. Gillespie.

Mr. Rhodes said the highways department was involved because it thought that the company in debt, Mid-City Construction, was also owed money by Union Contractors, at work on Project 819 at the time, the fall of 1958.

'PRIME SECURITY'

Mid-City was a sub-contractor on the job, and earlier testimony was that Vincent L. Gresty, a highways depart-

ment employee, was involved with this company, and was, in fact, the "prime security" for the mortgage and the man from whom payments were sought.

Mr. Rhodes said it was he who phoned Mr. Thornton about a request for payment of the mortgage.

Mr. Gillespie and his accountant, Ronald Myhill-Jones, told of three phone talks with Mr. Gagliardi. The first resulted in a letter to Mr. Rhodes.

The second call, made by Mr. Myhill-Jones, resulted in a promise from the minister to call back later.

Mr. Myhill-Jones said Mr. Gagliardi called back within 10 or 15 minutes. He said he passed on a message from the minister to Mr. Gillespie that "someone" would be contacting him later "to clear the matter up."

He said he was surprised that Mr. Gagliardi should be bothered.

The result of this was a call from Mr. Thornton to Mr. Gillespie saying he would take care of the mortgage.

When this happened, Mr. Gillespie said he asked: "What Christmas tree did you fall from?"

Both Mr. Gillespie and Mr. Myhill-Jones said they knew of

no impropriety in the whole mortgage affair.

The affidavit from Montana contractor Dick Holzworth that triggered the whole inquiry alleged that Mr. Gagliardi "prevailed" upon Mr. Thornton to pay it off and he would be "well taken care of."

Mr. Rhodes said he had checked four or five times at Mr. Gagliardi's request on the role of Mr. Gresty in all this.

The checks, with the registrar of companies had shown he was not an officer of Mid-City Construction, Mr. Rhodes said.

"We couldn't go beyond the registrar of companies."

Mr. Rhodes said that the department gets "many, many" letters from sub-contractors asking that debts be paid by prime contractors. It was the practice of the department to contact the contractors and tell them about it.

"I contacted Mr. Thornton, the contact would only be to make him aware of this . . . and no doubt with the suggestion, only a suggestion, that he look into it as we had no monies owing," Mr. Rhodes said.

The inquiry adjourned until 2 p.m. today for lack of witnesses.

THURS., APRIL 4, 1963

'ARE YOU A SOCRED?' WITNESS ASKED

Acrimony Fills Road Graft Probe

By FRANK RUTTER

The highway graft probe burst into acrimony again Wednesday when Liberal leader Ray Perrault asked a witness if she was a Socred.

The witness, Mrs. Florence Gresty, told the inquiry allegations made by Montana contractor Dick Holzworth about her were absolutely unfounded.

She said she never played the organ in Highways Minister P. A. Gaglardi's church, never received \$350 a month from Mr. Holzworth's firm, and denied that her husband took an active role in contracting while he was a highways department employee.

She did not have to answer Mr. Perrault as the fur flew about his question.

Inquiry chairman Irvine Corbett (SC—Yale) ruled it out of order.

The inquiry held one of its liveliest sessions Wednesday afternoon.

It summonsed three top officials of the Vancouver Sun to appear as witnesses Friday.

Bond Said Invalid

It was also told that the company which got the contract for controversial Project 819 used an invalid bond to win it.

The three newspapers were called at the request of Victoria Socred Waldo Skillings. He held up a copy of Tuesday's paper with the headline "Contractor Called Angel for Gaglardi."

"Who in this inquiry made such a statement as this?" he asked.

He also drew attention to earlier testimony that Sun reporters "hounded" a witness's wife and obtained affidavits later submitted to the inquiry.

The three witnesses will be publisher Donald Cromie, assistant publisher Lawrence Dampier and managing editor Erwin Swangard.

Mr. Skillings wanted to know why Mr. Swangard "took such a personal interest" in the case.

'Another Week Shot'

The 13 MLAs on the probe agreed, but chairman Corbett sighed: "That's another week shot."

Mrs. Gresty, who now runs a children's wear store at

Kamloops, denied Mr. Holzworth's allegation that Burton Lymburner or Union Contractors paid her \$350 a month.

She said that Mr. Lymburner, a principal of the company originally awarded the 819 contract, had paid her \$350 a month as bookkeeper for his sawmill at Princeton in 1953 and 1954. But she had been paid nothing since then, and had not worked for him since then.

She said that she does not play the organ, but her eldest daughter, Gloria, 18, has played at Calvary Temple, Mr. Gaglardi's Church, for about 2½ years.

However Gloria never got any money either, except \$5 for a wedding or a funeral.

No Personal Friend

Asked if she was a friend of Mr. Gaglardi, Mrs. Gresty replied: "I would say he has no personal friend."

Amid general laughter, she gave this explanation of what she meant:

"To us he's not the minister of highways. He's our pastor. We see him in quite a different light to what you do down here. He treats us all the same."

Mr. Perrault asked if she ever held any position in the Social Credit party or was a member of the Social Credit League.

This drew an immediate protest from Angelo Branca, highways department lawyer.

"I say this has nothing to do with what we're here to investigate."

"I rule it out of order entirely," Mr. Corbett said.

"It could well be a question here of whether any money was allegedly paid to Mrs. Gresty for political purposes. There's nothing sinful about it," Mr. Perrault said.

Casting Cloud?

Victoria Socred J. Donald Smith said Mr. Perrault was casting a cloud over witnesses.

"If you can't get any evidence against them—smear them," he shouted.

"I think it's indecent."

"You don't even look sincere," cried Dan, Campbell (SC-Comox).

"You have a suspicious

mind," retorted Mr. Perrault. "It's a very serious point."

"It's her business—not yours," declared Health Minister Eric Martin.

Mrs. Gresty said her husband was only involved with a contracting company while with the department of highways because he signed a note backing it in purchasing some equipment.

The company, Mid-City Construction, was a sub-contractor on 819 and there has been previous testimony that Mr. Gresty received cheques on behalf of Mid-City from the main contractor.

Called for Payment

Mrs. Gresty said her husband could sever all but his interest "on paper" with the company.

"My husband kept being called upon to pay the \$4,000 a month capital payments on the machines. That's why he had to keep Mr. Campbell solvent."

She said that her husband loaned Harvey A. Campbell of Mid-City between \$8,000 and \$10,000 but only received some of it back. He lost between \$7,000 and \$8,000 on the whole affair, she said.

"He had no active role other than to see the capital payments were made until he could get off the paper."

Martin Rolfe, who represented the U.S. Fidelity and Guaranty company, told about the bond put up for the original tender on Project 819. The contract went to L & M Logging, Mr. Lymburner's company, later taken over by Mr. Holzworth and Union Contractors.

Mr. Rolfe said that L & M did not get a bond from any bonding company. The firm had been turned down on a

previous application to his company.

Yet when the firm submitted its tender for 819 there was a bond.

Mr. Rolfe said it had been obtained by a Galbraith Construction Co. for a \$175,000 project. Project 819 was worth \$1,750,000.

After a phone call from deputy highways minister of the time, Evan Jones, he found out that the name Galbraith had been crossed out and L & M substituted. Mr. Rolfe said he asked for the return of the bond, but never got it.

The inquiry adjourned uncertain of its next witnesses.

Counsel Lloyd McKenzie said he had again telephoned Burton Lymburner to try and get him to come.

Mr. McKenzie said it turned out Mr. Lymburner was a Canadian citizen. This time he

said he might come if asked by the attorney-general. Deputy attorney-general Gilbert Kennedy sent him a telegram inviting him.

Road Job Caused 'Concern,' Highways Inquiry Learns

Equipment, Supervision Inadequate

By FRANK RUTTER

Federal government threatened to withdraw from the controversial highway Project 819, the legislature's inquiry into allegations of graft was told today.

The provincial director of highway construction, E. C. Webster, was recalled to the witness stand to read two letters he wrote in early 1958 to the contractors working on 819, a 12.8-mile stretch of Trans-Canada Highway near Revelstoke, 100 miles east of Kamloops.

Mr. Webster's letters were found in the files of L and M Logging Company and turned over to the inquiry this morning by Gordon Dowding (NDP-Burnaby).

A letter to Burton Lymburner, president of L and M, dated March 18, 1958, stated that all work had ceased on the project.

"Apparently the equipment supplied by L and M Logging is in such a state that it is unable to haul the grid roller, therefore the operations must shut down," the letter said.

LACK OF DIRECTION

"This contract has given us undue concern from the outset, for reasons which we do not feel we should be subjected to viz lack of adequate equipment, lack of superintendence and proper direction."

"We have recently been advised by the federal authorities that remedial measures must be taken to ensure them that the work is to be carried out in an efficient and workmanlike manner, otherwise they will be unable to recommend further participation by Canada in the work."

The second letter, dated April 15, 1958, was to Glen Geery, general manager of L and M. It asked why there had been no reply.

Papers Scored

The highway graft probe broke up in wild disorder this morning over newspaper coverage.

Members of the legislature's special inquiry called for a complete review of all newspaper articles and headlines written since the investigations began, on March 6.

It was the climax of a series of complaints by some of the 13 MLAs on the inquiry.

Angelo Branca, lawyer for Highways Minister P. A. Gagliardi and his department, declared: "The press hasn't done a really honest, true job with the minister in the past."

Inquiry counsel Lloyd G. McKenzie said a Vancouver Sun headline saying "Contractor Called Angel for Gagliardi" was "a tremendous injustice" and could be libellous.

MEET IN CAMERA!

Inquiry member Tom Bate, Social Credit MLA for Vancouver Point Grey, suggested that sessions be held in camera "if we don't get fair and proper reporting."

All four major B.C. daily newspapers, the Times, the Colonist, the Sun and the Vancouver Province, have caused complaints, inquiry members said.

It was an attempt to sub-

Continued on Page 3

Continued from Page 1
poena three top officials of the Sun that sparked today's row.

The headline about the "angel" was not accurate, Mr. McKenzie said because at no time during the hearings was Mr. Gagliardi's name linked with a contractor's sponsoring of a radio show in Kamloops—a suggestion made last week by James Rhodes NDP-Delta.

WIFE "HOUNDED"

Waldo Skillings (SC—Victoria) asked for the subpoenas. He also referred to testimony from Herbert Gillespie Monday that his wife had been "hounded" by "droves" of Sun reporters.

Lawyer John Farris, appearing for the Sun, said its managing editor, Erwin Swangard, was willing to appear Friday, but its publisher and his assistant could not give any relevant evidence.

Mr. Skillings insisted they come. He accused Mr. Farris of trying to throw up a smokescreen by declaring that "angel" was an accurate description of a backer.

... PAPERS

"If Mr. Skillings wants to launch a special investigation into the press, let him bring up a motion and we'll vote on it," said Liberal leader Ray Perrault.

Mr. Skillings said he had a lot of headlines to bring out.

HEADLINES SIMILAR

Randolph Harding (NDP—Kaslo Slocan) said all newspapers in B.C. had carried similar headlines. He said Mr. Skillings should call them.

"I think this is damn foolishness," he commented.

Mr. Perrault said that perhaps the Times should be called to account for a headline referring to a mechanical superintendent as an engineer, which was protested by engineers earlier in the hearing.

Opposition Leader Robert Strachan said it was obvious that Mr. Skillings only wanted to summon newspaper people to hold them accountable for their headlines.

WRONG IMPRESSION

Mr. Branca said that the wrong impression already created about Mr. Gagliardi could not be helped now, but "from now on in the name of justice let the newspapers publish evidence as it is given here."

When the hearing adjourned until this afternoon, MLAs were still bickering hotly about press coverage.

The last word came from Mr. Perrault:
"There won't be a word for all the accurate reporting there's been."

FRIDAY, APRIL 5, 1963

GAGLARDI TESTIFIES TUESDAY

Graft Probe Nears Windup

By FRANK RUTTER.

The end is in sight for the legislature's highway graft inquiry.

After a morning of minor wrangles summed up by inquiry counsel Lloyd G. McKenzie as "political jargon" the hearings adjourned until 9:30 a.m. Tuesday.

There were no witnesses to hear this afternoon and the 13 MLAs on the inquiry agreed to take Monday, federal election day, off.

On Tuesday all the evidence should be completed with testimony from onetime highways department employee Vincent L. Gresty and his boss, Highways Minister P. A. Gagliardi.

On Wednesday it is expected that the highways department counsel, Angelo Branca, and Mr. McKenzie, will give their summations.

It is uncertain how long after that the MLAs will come up with their findings from the month-long hearings which began March 7.

BY NEXT WEEKEND

Their report should be completed by next weekend, or, more likely, early the following week.

The chief wrangle today was over the role of Gordon Dowding, the New Democratic Party member for Burnaby, and a lawyer, who sparked the inquiry by reading allegations of graft by Montana contractor Dick Holzworth to the legislature Feb. 26.

Some of the eight Social Credit members of the inquiry today protested the fact that Mr. Dowding had been giving advice to NDP members and had spoken to a witness in the corridor.

Mr. Dowding had shown the witness, Mrs. Martha Jane Gudeit of Vancouver, a copy of a statement she made to the RCMP in 1959.

The statement referred to a telephone conversation she held with Mr. Gagliardi the year before, when her husband was trying to get a contractor to pay a debt. He had been seeking the money from Mr. Gresty.

GAGLARDI OKAY

She said Mr. Gagliardi told her it was all right for Mr. Gresty to invest in a contracting company. (He was a highway employee at the time.)

Dan Campbell (SC-Comox) asked how Mr. Dowding could have seen a part of the RCMP investigation—which inquiry members except for Mr. McKenzie have been forbidden.

He said the attorney-general's department should investigate.

Mr. Dowding started to say something but was silenced by a hubub of protest.

Finally chairman Irvine Corbett (SC-Yale) had to stand, thumping his gavel, to shout for order.

He said he had no objection to Mr. Dowding appearing as an adviser. The Burnaby MLA said he obtained the document from files belonging to Mr. Gudeit. He earlier testified he lost \$50,000 in renting equipment for Project 819, around which the allegations of graft revolve.

Mr. McKenzie said there was nothing improper about Mr. Dowding's actions.

He added: "There have been a lot of complaints here about legal jargon—if I may say so,

there's been too much political jargon."

SENT HOME

Earlier this morning the managing editor of The Vancouver Sun, Erwin M. Swangard, appeared, said he had no evidence on Project 819, and was sent home again.

He came at the request of Victoria Socred Waldo Skillings who failed to win permission to question him about newspaper headlines.

Health Minister Eric Martin suggested the inquiry discuss whether or not the newspaper had committed contempt.

But Mr. McKenzie said there had been no such citation issued, and restrained the questions about headlines.

Said Mr. Skillings: "At no time did I try to embarrass the Sun." But he added: "I do not feel the Sun newspaper is doing a true and honest job of reporting this inquiry."

However, he said, he still wanted Sun publisher Donald Cromie, and his assistant, Lawrence Dampier, to appear to explain if there had been any "ulterior motives" in certain headlines.

But inquiry members did not act on his request.

Mr. Swangard told the inquiry one of his reporters had gone to the home of a witness who previously testified his wife had been "hounded" by newsmen.

It was only a routine visit, he said.

The result, Mr. Swangard testified, was that affidavits, including one from that witness, Herbert H. Gillespie, were turned over to Attorney-General Robert Bonner, Opposition party leaders and the inquiry.

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TUESDAY, APRIL 9, 1963

Witness Denies Machine Rental

Gresty Contradicts Statements to RCMP

A former highways department employee today flatly denied ever making money on the side by renting equipment to contractors on government projects.

Vincent L. Gresty of Kamloops also denied ever dealing with an equipment firm and a long list of people.

He contradicted statements made to the RCMP by some of these people. He also contradicted one of his own statements.

Mr. Gresty appeared at the resumption of the special inquiry into allegations of graft in the highways department.

He admitted that he finally resigned from the highways department in July 1959 "under a cloud."

ADMITS LETTER

He denied being a partner or active participant in a contracting company while with the department, but admitted he had been given "a letter of intent" granting him shares if the company made good in business.

Mr. Gresty was to continue on the stand at the law courts this afternoon.

Next witness will probably be Highways Minister P. A. Gagliardi.

Earlier today the allegations made by Montana contractor Dick Holzworth that contractors were paid \$135,000 for work never done were termed "fantastic" by Evan Jones, former deputy minister of highways.

The allegations involve Project 819 of the highways department, a 12.8-mile stretch of the Trans-Canada Highway near Revelstoke.

SUPERINTENDENT

Mr. Gresty was mechanical superintendent for the highways department at Kamloops at the time of 819-1957 and 1958.

One of the subcontractors on this was Mid-City Construction, a company which Mr. Gresty and his brother turned over to Harvey A. Campbell, a previous witness.

Mr. Gresty said he received nothing for the company. It owed \$400 to an accountant in Vancouver.

However, he signed a sales agreement for almost \$100,000 worth of machinery used by Mid-City. Altogether Mid-City used six machines of his, two of which worked double shift for six months on 819.

Mr. Gresty told inquiry counsel Lloyd G. McKenzie that the rental would have been \$39 an hour.

GOT NOTHING

He received absolutely nothing in rental.

He also backed a \$7,250 loan from Herbert H. Gillespie to Mid-City and associates.

In addition he gave the prime contractor on 819, Burton Lymburner, of L and M Logging, a mortgage on his private aircraft.

Mr. McKenzie said it was "most odd" that Mr. Gresty would receive nothing for all his machines.

Mr. Gresty said that Mid-City was supposed to make the payments on the two machines he bought.

He repeatedly said he held no interest in Mid-City while working for the government.

But Mr. McKenzie, who has access to a special RCMP report on 819, disclosed that on Feb. 23, 1959, Mr. Gresty told RCMP that he was Mid-City's "financial backer."

UNDERSTANDING

Mr. Gresty said he thought he would eventually become a partner as agreed in his "understanding" with Mr. Campbell.

"I was very foolish," he admitted.

The RCMP report also contained statements from several people alleging Mr. Gresty was an agent in selling equipment while working for the government.

Earlier the inquiry had been told he had found work for the machines to do, and that the equipment was sold for an "inflated price."

Mr. Gresty denied it today.

He said he did not remember meetings or people mentioned by Mr. McKenzie, who was reading from the RCMP report.

He also denied meeting Mr. Gillespie or his accountant Ronald Myhill-Jones of Vancouver in connection with the \$7,250 mortgage.

PAID OFF

This mortgage, Mr. Holzworth charged, was paid off at Mr. Gagliardi's suggestion in return for future favors.

Mr. Myhill-Jones last week testified Mr. Gresty had taken part in the negotiations for the loan.

Asked today if he was a friend of Mr. Gagliardi, Mr. Gresty replied: "Contrary to public opinion—he would rate me a friend the same as he would other friends."

Mr. Gresty also denied another Holzworth allegation, that his wife was paid \$350 a month by Mr. Lymburner, and subsequently another contractor.

This was because the amounts were frequently underestimated.

Earlier Mr. Jones said that it was "ridiculous" to suggest the highways department committed itself to favor a group of contractors going from 819 another project, 1023, the following year.

'FRIEND DICK'

This suggestion was made in the "Friend Dick" letter introduced earlier to the hearings from Clyde W. Thornton to Mr. Holzworth.

Mr. Jones said Project 819 has been a headache from the day it started to the present time.

Mr. Jones said he had never heard of Mr. Lymburner before Project 819 and he didn't think anyone else in the department of highways knew him either.

"I don't think he had enough experience to tackle a job of that size," Mr. Jones said.

He agreed with Liberal leader Ray Perrault that a system of prequalification for contractors would have prevented trouble on 819.

But at the time, he said, Highways Minister P. A. Gagliardi was hoping small contractors would get government jobs—"so we would get better prices."

GAGLARDI CALL UNDECIDED

Road Probe 'Wasteful, Witch Hunt'

By FRANK RUTTER

The highway graft inquiry is a Roman holiday and a waste of money, Victoria's Socred Waldo Skillings charged today.

He threw the inquiry into an uproar when he called it a witch hunt and said it had found out absolutely nothing.

Highways Minister P. A. Gaglardi also made a statement at today's hearing: a plea for a speedy conclusion because millions of dollars could be wasted if his department officials can't get back to work.

It's still undecided whether or not Mr. Gaglardi will appear as a witness. His lawyer says no; inquiry chairman Irvine Corbett (SC—Yale) says yes, if he's called, and if he refuses he could face a contempt charge.

SIXTH WEEK

What triggered this morning's outburst was the prospect of the inquiry going into next week—its sixth.

It had been hoped it would end before Easter, but discovery of a potential new witness could prolong it.

With frayed nerves bare, the 13 MLAs on the inquiry called it off until 9:30 a.m. Thursday giving time to contact Glen Geery in Seattle, the one-time construction manager of Project 819, around which the allegations of graft revolve.

\$25 DAILY

The MLAs, who have been kept in Victoria since the end of the legislature, March 28, are being paid \$25 a day for

the inquiry, which has been under way since March 6.

Said Mr. Skillings:

"It's all very well for members of the committee to have a Roman holiday at public expense—but I for one want to get off the payroll. I want to get back to business.

"If anybody hasn't got the picture of this now, there's something wrong with their head."

Mr. Skillings said the \$25 a day was "absolutely scandalous."

"We're wasting public money right now and everybody in this committee knows it."

'HE'S NUTS'

Replied Randolph Harding (NDP—Kaslo-Slocan):

"If this is the type of holiday my friend thinks we enjoy—he's nuts."

Opposition Leader Robert Strachan said Mr. Skillings' remarks were "almost scurrilous."

"I take my job seriously."

"This has been a witch-hunt from the beginning," Mr. Skillings shot back. "We have had solicitors going through the evidence with a fine toothed comb. They can find absolutely nothing—so what's the idea of continuing with this hearing?"

"In order to inquire, we've got to spend money," said inquiry counsel Lloyd G. McKenzie. "It's got to inconvenience the members of the committee. Let's forget other things and let's pursue the inquiry."

Mr. Gaglardi made his plea just before the adjournment.

"We have got millions of dollars worth of work—we just haven't been able to get at it. We've got work all over the province that the director of construction must get to.

COSTS MILLIONS

"It could cost us millions of dollars because of lack of proper supervision at the top."

Top department officials who have been witnesses have remained as observers at the hearings and available for recall.

Mr. Gaglardi had "no comment" on whether or not he will take the stand.

The highways department lawyer, Angelo Branca, says that he is advising the minister not to testify.

Mr. Branca said the minister "has nothing to meet" in the allegations.

"The evidence has disproved every charge that has been made."

Mr. McKenzie said that in fairness Mr. Gaglardi should be given the opportunity to speak last; he suggested the minister appear after Mr. Geery, probably Thursday.

Observers wondered what would happen if Mr. Gaglardi refused to testify, as suggested by his lawyer.

Chairman Corbett pointed out that if he is summonsed and refuses, he could be held in contempt.

Location of Mr. Geery in Seattle came through Burnaby NDP member of the legislature Gordon Dowding, who originally produced affidavits making the graft charges.

Dan Campbell (SC—Comox) objected to the interference of someone "in the bleachers."

PHONE CALL

However, it was agreed that Mr. McKenzie should phone Mr. Geery at 3 p.m.—earliest he will be available—and ask him what evidence he could give and if he will come to Victoria.

If he does come, the inquiry may sit Thursday morning, afternoon and night in an effort to wind up.

Mr. Branca warned that if it continues after the beginning of next week, he will be unable to attend.

WEDNESDAY, APRIL 10, 1963

650 GIVEN PROBE

Strachan Attacks Delay on Letters

Six hundred and fifty pieces of correspondence sparked a row at the highway graft probe Tuesday afternoon.

Opposition Leader Robert Strachan complained that the correspondence should have been made available before witnesses were heard in the month-long inquiry.

The correspondence was three volumes of documents relating to Project 819, prime subject of the inquiry.

It was only produced Tuesday by inquiry counsel Lloyd G. McKenzie.

He said only one piece of relevant material could be found in the letters and telegrams—evidence that there had been "a multiplicity" of bid bonds by the contractor who got Project 819, L and M Logging.

The letters referred to three. The contractor finally succeeded in obtaining a letter of credit after his bonds were rejected.

Mr. Strachan complained that he had asked for the correspondence—the complete highways department file on 819—right at the start of the hearings.

He said he wanted to look through and it might be necessary to recall some witnesses.

Among the correspondence were letters of complaint to Highways Minister P. A. Gagliardi from the B.C. Heavy Construction Association.

There was also a letter after the complaints from Mr. Gagliardi to the deputy minister of

works in Ottawa saying there was nothing wrong with the disputed bid.

Earlier in the afternoon Vincent L. Gresty finished testimony he started at the morning session.

He said that while a highways employee he had told Mr. Gagliardi that he was not connected directly or indirectly to any company doing business with the government.

He admitted that he had not told Mr. Gagliardi that he had been a few months earlier.

He said he lost \$17,000 through the association with Mid-City Construction a subcontractor on 819.

Mr. Gresty said he knew it would have been better not to be involved, but added: "Are we not free to invest our money in any channel we want?"

MARTIN DEFENDS GAGLARDI

Road Employees 'Less Than Frank'—Harding

By FRANK RUTTER

Health Minister Eric Martin today claimed colleague Highways Minister P. A. Gagliardi and falsely convicted of contempt of court.

"I highly resent what happened," he told the highways graft inquiry.

His statement came after the inquiry resigned itself to sitting another week.

New Democratic Party members called for four new witnesses and recall of another four.

Randolph Harding (NDP—Kaslo-Slocan) charged that officials of the highways department had been "less than frank."

He based his claim upon 650 pieces of correspondence which did not get into the inquiry members' hands until Tuesday. This was the highways department's complete file on Project 819, centre of allegations of graft under investigation.

TWO LETTERS

Mr. Harding referred to two letters in particular.

The first letter was dated Oct. 14, 1960, from deputy highways minister H. T. Miard to N. A. McDiarmid, a solicitor in the attorney-general's department.

It said that contractor Clyde W. Thornton of Project 819 may have committed perjury in an affidavit claiming his bills to subcontractors had all been paid.

A handwritten notation said: "Honorable minister directs no action be taken at this time."

First witness to be recalled, departmental comptroller A. E. Rhodes, explained what had happened.

RESTRAINING ORDER

At the time Mr. Gagliardi and Mr. Thornton had been accused of contempt of court because the government sent a cheque to the contractor while there was a court order restraining any payments until subcontractors were satisfied.

Mr. Rhodes said he discussed the matter of perjury charges with Mr. McDiarmid and reported his advice back to Mr. Gagliardi. As a result there was no action and in fact the letter from Mr. Miard was never sent.

Mr. Rhodes said it was decided it was "not an opportune

time" to take perjury action because the Supreme Court decision on the contempt charge was due within days. It came in six days.

Mr. Rhodes said the highways department wanted to go ahead but the attorney-general's department advised against it.

He also related how the attorney-general's department had advised on the contempt case: that the court order did not restrain the government from sending money to Mr. Thornton, it prevented him from receiving it.

"Am I correct in assuming Mr. Gagliardi should not have been held on contempt of court?" asked Mr. Martin, his voice rising in anger.

"No court can say how a government should spend its money.

"This is something I have suspected all along. This is something which occurred which should not have occurred.

"In my opinion a colleague of mine was falsely accused of being in contempt. I highly resent what happened."

At this point fellow So-cred Donald Brothers, the MLA for Trail, restrained Mr. Martin, half-rising in his seat, by placing a hand on his shoulder.

The other letter which Mr.

Harding brought up was dated June 17, 1957, from deputy attorney-general Dr. Gilbert Kennedy to J. V. Fisher, at that time economic adviser to the government.

Mr. Kennedy said that awarding the contract for Project 819 to L & M Logging apparently conflicted with a cabinet decision on the matter.

This was not explained today, but will probably come up later.

MORE NEXT WEEK

Mr. Harding asked the inquiry to call Mr. Kennedy, Mr. McDiarmid, Mr. Miard and the highways minister.

He also requested the recall of Mr. Rhodes, departmental chief engineer F. T. Brown, Mr. Thornton and Evan Jones, retired deputy minister.

Another new witness, Glen Geery, project manager on 819, will appear on Tuesday.

This means the inquiry could take most of next week.

When Mr. Harding protested about the correspondence, he said that a number of important questions were raised by it, including "deep involvement" of the minister personally.

The NDP asked for the files at the start of the hearing, but didn't get them until this week.

Mr. Harding called it an "unexplicable" delay.

"The department has been less than frank," he said.

The correspondence would have greatly assisted in questioning of witnesses.

SATURDAY, APRIL 13, 1963

Graft Probe Heading Toward 'Final Week'

After 700,000 words of testimony the highway graft probe is going into its sixth week.

According to its counsel, Lloyd G. McKenzie, it will be its last, although such predictions have been made before.

The inquiry adjourned Thursday for the Easter holiday.

It will reopen at 9:30 a.m. Tuesday to hear Glen Geery, manager on controversial Project 819 around which allegations of graft revolve.

After him, it might hear Highways Minister P. A. Gagliardi.

Thursday's hearings ended on a note of criticism from Chairman Irvine Corbett (SC—Yale).

He complained about earlier New Democratic Party charges that highway officials had been "less than frank" on the witness stand.

Three of them were called Thursday, and afterwards, Mr. Corbett commented: "Your statement hasn't been justified by the performance of witnesses today."

One of the matters the NDP was critical of was a letter in the highways department file on Project 819 suggesting that Mr. Gagliardi had contravened a cabinet decision in awarding the contract to L and M Logging Co. in 1957.

Mr. McKenzie said he believed that any cabinet decision would be privileged—a secret.

He added that the man who wrote the letter, deputy attorney-general Gilbert Kennedy, as B.C.'s top legal official, might also be protected by privilege and therefore it would not be worth calling him as a witness.

The three highway officials were deputy minister H. T. Miard, comptroller A. E. Rhodes, and chief engineer F. T. Brown.

VALID BID BOND

Mr. Brown said he did not think there had been any preferential treatment in the awarding of the contract to L and M despite the fact that the company had not presented a valid bid bond.

He said that perhaps L and M was given time to get a new guarantee and allowed to win the contract because the highways department was "a little more human" toward business associates than private firms would be.

At the start of the afternoon hearing Dan Campbell (SC—Comox) said he wanted to make a statement.

He said he had been threatened with a punch in the nose by Gordon Dowding (NDP—Burnaby) who is not on the inquiry, but who is advising the NDP and who originally placed the allegations of graft before the legislature.

He said Mr. Dowding on March 29 told him: "If you don't quit bringing my name into this case I will punch you in the nose."

On Wednesday, Mr. Campbell said, Mr. Dowding "threatened to sue me if I didn't shut up."

Mr. Dowding said the incident had nothing to do with the inquiry.

"It's what he was going to do at Courtenay," he said.

He didn't elaborate on what was going to happen at Courtenay, which is in Mr. Campbell's riding.

"He seems resentful of the fact that I'm advising our group on legal matters," Mr. Dowding said later.

Gaglardi Denies Any Favors Given to Road Contractors

'Accusers Smoke Opium Pipes'

By FRANK RUTTER

Highways Minister P. A. Gaglardi today flatly denied favoring contractors as he appeared in the witness box at the highway graft inquiry.

"He must have been smoking an opium pipe," Mr. Gaglardi said of a letter in which a contractor claimed he could make \$2,000,000 to \$3,000,000 through favors.

Mr. Gaglardi said there had been no preferential treatment as far as he knew in the award of Project 819 to L and M Logging Co. in 1957.

This is the project which sparked the allegations of graft—from Montana contractor Dick Holzworth.

The highways minister also denied that he had given any favors to the contractors working on 819.

And he said it was "inconceivable" that the same group had been promised other contracts to make good their losses on 819.

Mr. Gaglardi denied any personal role in the payment of

a \$6,702 mortgage owed by a former employee of his department and member of his Kamloops church, Vincent L. Gresty.

He also testified that Mr. Gresty personally told him that he was not involved with subcontractors on the project while still a departmental employee. He said the highways department "couldn't find anything" about Mr. Gresty making money on the side through equipment rentals.

All Allegations Disproved

The highways minister appeared on the stand despite the contention of his lawyer, Angelo Branca, that all the allegations against him have been disproved in the past five weeks of the inquiry.

Mr. Branca termed Mr. Holzworth's allegations, contained in a sworn affidavit, as "irresponsible" and said they were made by "an irresponsible man."

Mr. Gaglardi appeared at the request of Opposition Leader Robert Strachan, who said chairman Irvine Corbett

(SC-Yale) should take the responsibility of summoning him.

The minister was to continue on the stand later today.

He will be followed by summation from Mr. Branca and inquiry counsel Lloyd G. McKenzie.

This means the inquiry, which had adjourned for a four-day Easter recess, could wind up Wednesday.

Mr. Gaglardi began by saying that L and M Logging had been awarded the 819 contract on the advice of his deputy minister and chief engineer.

Deputy '100% Above Board'

He said the deputy, Evan Jones, had decided to give the company extra time to come up with a proper bond for the job, after its original bid bond was found invalid.

The bond, earlier evidence showed, had been issued to another company, H. W. Galbraith, and was not meant for Project 819.

Mr. Gaglardi said he was sure Mr. Jones was "100 per cent above board."

He also said he discussed the contract award with the deputy minister of public works in Ottawa because it was a Trans-Canada Highway project.

He said B.C. went ahead with the contract with L and

M after "clarification" of questions from Ottawa. He said the company would not have been given without Ottawa's approval.

Protests about the award from the Heavy Construction Association of B.C., he said, were probably because L and M was not a member of the association, while all the other bidders were.

Mr. Gaglardi said he had often had representations from contractors to award contracts to second low bidders. But his policy was to grant them to the low bidder provided everything was in order.

"If I would bend one iota I would be in a very difficult position," Mr. Gaglardi said.

Unaware of Changes In Figures

Two of Mr. Holzworth's allegations were about changes in figures on progress estimate sheets submitted to Victoria on Project 819.

The contractor charged that the government paid \$135,000 for work that was never done.

Mr. Gaglardi today said that he was unaware of the changes in figures. The first he heard of them, he said, was when a reporter phoned him in Chicago at 3 a.m. in February this year.

The minister said that Burton Lymburner, the president of L and M initially, "at no time" received advantages from the highways department.

Clyde W. Thornton, the vice-president of the firm that succeeded L and M, Union Contractors, also never received any assurances, Mr. Gaglardi said.

It was Mr. Thornton who wrote the "Friend Dick" letter to Mr. Holzworth saying that the department had promised "every break in the world" and "liberal treatment" on a new contract that would make \$2,000,000 to \$3,000,000.

Mr. Gaglardi said the letter must have been "propaganda"—as Mr. Thornton testified it was.

Mr. Holzworth also alleged the mortgage was paid off by

Mr. Thornton at the suggestion of Mr. Gaglardi.

The minister said he handed the matter over to his departmental comptroller, A. E. Rhodes, who earlier testified he suggested Mr. Thornton should pay off his debts.

Mr. Gaglardi said he had "no recollection of telephone conversations with W. R. Myhill-Jones, the accountant of the man who held the mortgage, H. H. Gillespie.

Mr. Myhill-Jones earlier testified the minister told him he would look into the matter and later phoned back to say Mr. Gillespie would be hearing from someone about it. This was followed by payment of the mortgage by Mr. Thornton.

Mr. Gaglardi denied telling Mr. Thornton to do it.

WEDNESDAY, APRIL 17, 1963

Holzworth 'a Liar,' Branca Tells Probe

By FRANK RUTTER

The man who charged graft in the highways department is a liar, lawyer Angelo Branca declared today.

He also suggested the accuser, Montana contractor Dick Holzworth, was a possible would-be blackmailer.

He branded him "a soldier of fortune."

He told the legislature's highway graft inquiry that it would be extremely dangerous to accept his uncorroborated evidence.

He also told the inquiry that every other witness who has appeared during the past six weeks of hearing has sworn there were no favors or preferential treatment by Highways Minister P. A. Gagliardi or his men on Project 819—centre of the allegations.

SUMMING UP

Mr. Branca, the highways department counsel, was summing up the evidence as the inquiry drew to a close after more than 750,000 words of testimony.

He was to continue this afternoon, and then the 13 MLAs who stayed in Victoria after the end of the session were to go into secret meetings to draw up their report to the cabinet.

Mr. Holzworth's charges, in the form of an affidavit, were presented to the legislature Feb. 26 by Gordon Dowding (NDP—Burnaby). The inquiry followed.

Commented Mr. Branca:

"Instead of the accuser being the one who brings evidence to prove allegations, we have been cornered and we have to prove our innocence. This is indeed unique in the administration of British justice."

He said right from the start there had been no support for the Holzworth allegations, even when the contractor himself took the stand.

"It was obvious to see everything he had to say in support of the allegations he swore to

was indeed a puff-ball that exploded."

Mr. Branca drew attention to Mr. Holzworth's evidence that he lost \$200,000 on Project 819 and that he was out to recover it, and that he expected to get some money out of the highways department.

He said that Mr. Holzworth could only have had two motives in making his graft charges: blackmail or to force an inquiry which he would use as an examination for discovery in a future lawsuit to recover money.

Mr. Branca suggested "he thought he was going to blackmail the minister—in what other manner could he get money from the minister?"

ALLEGATIONS

The main Holzworth allegations were these:

That the contractor on 819 was paid \$135,000 for work never done; that contractors paid Mrs. Florence Gresty \$350 a month while she was organist in Mr. Gagliardi's Kamloops church.

Mr. Branca first dealt with Mrs. Gresty.

She testified she never played the organ and never received the money—in fact, she did not know how to play the organ.

Even Mr. Holzworth had been unable to substantiate the charge.

Three other witnesses who had attended a meeting on the project at which the decision was allegedly made to pay her also denied knowing anything about it.

"If you believe them as I do then Holzworth is a plain, simple liar," Mr. Branca said.

"If he is lying in this plain and simple incident I am going to ask you to come to the conclusion that he has not told the truth in anything else."

Next Mr. Branca dealt with the Holzworth charge that Mr. Gagliardi prevailed upon contractor Clyde W. Thornton to pay off a mortgage debt of

\$6,702 of which friend and department employee Vincent L. Gresty was the prime backer.

HONEST DEBT

Mr. Branca said that it was departmental comptroller A. E. Rhodes, not Mr. Gagliardi, who suggested Mr. Thornton pay the debt.

"This was an honest debt," Mr. Branca said.

He said that despite several checks, the highways department had been unable to prove Mr. Gresty was involved while a government employee with subcontractors on Project 819.

The next Holzworth charge was that figures were altered on progress estimates of Project 819 to give the contractors an extra \$135,000.

Mr. Branca said that departmental engineers and federal engineer Bruce G. Harvey all testified that there was nothing wrong in the alterations.

"The minister has nothing to do with the estimates," he added.

MORE EQUIPMENT

It was "quite simple" to see why the estimates were changed to allow for more work—there was more equipment on the job to do it.

A charge by Mr. Holzworth that the provincial engineer on the spot, Eric H. Barclay, refused to approve the changes was "incredible," Mr. Branca said.

Although Mr. Holzworth didn't raise the point, Opposition members of the inquiry had brought out evidence that two carpenters on the payroll of the contractor on Project 819 worked on Mr. Gagliardi's church at Kamloops.

Mr. Gagliardi Tuesday testified they were "donated."

Mr. Branca said the government paid the contractor only for the amount of rock moved on the road project.

"Can you see anything wrong in a company that is being paid by production of a unit and which has a contract with the government in contributing manpower material or otherwise to the building of a church?"

PULPIT APPEAL

Mr. Gagliardi had also testified he appealed from his pulpit for volunteer labor.

"Every time a church is built an appeal is made by the pastor to his flock," Mr. Branca declared.

The whole matter appeared in the press in 1959, he said.

"Why did we have to drag this thing out again?"

He said he hoped that after the inquiry the whole issue "will have been cremated once and for good."

Mr. Branca complained that newspaper headlines during the inquiry had damaged the character of persons involved.

He suggested in future such meetings might be held in camera.

However the highways minister and all his officials had "exuded truth, honesty and integrity."

"Every credible witness that has come before you . . . has told you there was no preferential treatment—that there were no favors at all and no money exchanged."

He said the inquiry had no alternative but to acquit not only the minister of highways, but all his officials of any wrong doing.

GAGLARDI:

'Didn't Know' Builder Paid Church Labor

By FRANK RUTTER

Highways Minister P. A. Gaglardi Tuesday said he did not know that a contractor on a government project paid for work on his Kamloops church.

However, he told the highway graft inquiry that he had made personal pleas from his pulpit for volunteer labor.

Previous evidence at the inquiry disclosed that two carpenters were paid \$4,000 for work on the church by Bonanza Construction, which was also meeting the payroll on Project 819 in 1957 and 1958.

The money was sent to Mr. Gaglardi's brother, Anthony, the church construction foreman, at the minister's Kamloops home.

"The arrangement was not made with me, nor did I know the arrangement had been

made," the minister told the inquiry.

He said he first learned of it from a reporter in 1959.

Mr. Gaglardi said that every Sunday he used to ask in church for people to sponsor labor on a new auditorium for the Calvary Temple. Therefore he was indirectly responsible, although he hadn't known of it.

He also told the inquiry why the money had been sent to his brother, instead of being paid direct to the church, which in turn usually would pay the workmen.

'Sponsor' Had Own Arrangement

It was because Bonanza, the "sponsor" of the workmen this time, had its own arrangement with the Workmen's Compensation Board for their coverage.

Normally sponsors did not have such an arrangement, so they paid the church, which passed on the money to Anthony Gaglardi, who did have an agreement with the board.

The highways minister also denied the allegation of Montana contractor Dick Holzworth that contractors on Project 819 paid the Calvary Temple organist \$350 a month.

Mr. Gaglardi said no organist had ever been paid anything by any contractor.

"I feel very bad today hearing that the church and all these things have to be dragged into the public forum," Mr. Gaglardi said.

He said he had resigned as

official pastor four years ago because of "constant badgering" about the church. However, he still continued as pastor, although he had no legal claim to the post.

He added: "I have not received even a penny piece during the last 10½ years for my services."

Nor had his wife, now superintendent of a Sunday school for 1,125 children, he said.

Mr. Gaglardi also denied that his church radio program in Kamloops had been sponsored by anyone mentioned in the inquiry—specifically Burton Lymburner, president of L and M Logging, original winner of the 819 contract.

At one stage Burnaby New Democratic Party MLA Gordon Dowding called Mr. Gaglardi a liar, though he retracted the statement minutes later.

'You Are a Liar,' Says Dowding

Mr. Dowding first presented the allegations of Mr. Holzworth in an affidavit filed in the legislature Feb. 26.

Mr. Gaglardi said Mr. Dowding, a lawyer, told him in the corridor then that he was "acting" for Mr. Holzworth. The contractor is suing former colleagues for money he says he lost on Project 819.

"You are a liar—that's a dreadful thing to say," cried Mr. Dowding, an observer at the inquiry.

Mr. Gaglardi said he could take him to the exact spot where he said it.

"I never talked to him about it," Mr. Dowding said.

Mr. Dowding retracted "liar" and Mr. Gaglardi accepted his denial as well.

Summing up his thoughts on Project 819—12.8 miles of

Trans-Canada Highway near Revelstoke—Mr. Gaglardi said:

"I have 100 per cent feeling everything was done on a proper basis."

Highways department officials who approved the various aspects of the project were "unimpeachable" and had "terrible capabilities," Mr. Gaglardi said.

"I feel we conducted ourselves in the best manner possible from the start of the job to the finish of it."

The end result was "one of the best jobs" in that area of B.C. It had meant a saving of more than \$100,000 to give the contract to L and M Logging and its successors, Mr. Gaglardi said, but he was not sure that the saving wasn't now wiped out by the expense of the graft inquiry.

Contact Man Allegation Denied

The minister, in answer to his lawyer, Angelo Branca, said that he never promised the contractor any other job, and he found that, contrary to an earlier allegation, no equipment had been rented as a result of promises either.

Mr. Gaglardi also denied another Holzworth charge—that Mr. Lymburner was a contact man who "kept the doors greased" between contractors and the minister.

Mr. Gaglardi said other contractors have visited him far more often than Mr. Lymburner.

The two carpenters who worked on the church were Larry Jontz and Dominick Donatelli.

"It was completely above-board—no one was trying to hide anything," he said.

He said what a contractor did with his own money was

"his own business." He held no discussions with Mr. Lymburner or "any other individual" about sponsoring work on the church.

Mr. McKenzie asked if Mr. Gaglardi had allowed any patronage as a result of contractors' contributions to his church.

"Absolutely not," he replied.

'YOU NEED GUIDANCE . . . BADLY'

Lawyer Lloyd G. McKenzie Tuesday raised the temperature when he emphatically stated that MLAs on the highway graft inquiry needed "guidance" in reaching a verdict.

It happened when the MLAs were arguing if Mr. McKenzie should give them a summation.

Victoria Socred J. Donald Smith said he should. Opposition Leader Robert Strachan said Mr. McKenzie should not set himself up as a judge of the inquiry.

"Believe me I am not going to do that," Mr. McKenzie replied.

"I certainly think—with the very greatest respect—that you need guidance . . . and you need it badly."

Mr. Strachan objected "most vehemently". He called it an "arrogant statement".

"I mean it," Mr. McKenzie retorted.

The inquiry decided to wait until today to make a decision on hearing Mr. McKenzie.

THURSDAY, APRIL 18, 1963

13 MLAs DIGEST 36 DAYS OF HEARINGS

Road Probers Working on Verdict

By FRANK RUTTER

Thirteen MLAs shut themselves up in a courtroom Wednesday afternoon to start deliberating their verdict in the highway graft inquiry.

The public part of the six-week inquiry ended at 3:30 p.m. when counsel Lloyd G. McKenzie delivered a "charge" to the MLAs who, he said, must act like judges.

He warned them to consider only the evidence they heard during the 36 days of public hearings which began March 6.

They will decide if there was any corruption or wrongdoing by Highways Minister P. A. Gagliardi and his officials during Project 819, a 12.8-mile section of the Trans Canada Highway near Revelstoke.

Their decision, to be delivered to the cabinet, could come anytime.

SECRET DELIBERATIONS

All their deliberations will be in secret.

Mr. McKenzie said he was "available" to give them any

opinion they want on the evidence.

"But remember, you don't take my opinion—you form your own opinion."

He warned the 13 politicians—eight Socreds, four New Democrats and one Liberal—that they had to behave in a judicial fashion.

"Political functions and judicial functions do not mix."

"They are fire and water."

"I do not mean that a person can't be a first-class politician and a first-class judge. . . .

"What I mean is you can't combine the two attitudes at the same time."

Mr. McKenzie said that unfortunately the rules of procedure for such an inquiry were "obscure." However, he quoted extensively from a magazine article called "Let's Stop the Legal Smear" which warned against use of hearsay evidence in special inquiries.

It had been a struggle, but the inquiry had to a remarkable degree adhered to some ground rules.

"I ask you to base your decision on the evidence," Mr. McKenzie said.

Witnesses had made sworn statements and the MLAs were judges of the facts.

"I beseech you gentlemen, when you are exercising that function, to have regard only to what you have heard in this courtroom."

The inquiry, he said, was a "never-never land" somewhere between a civil case which was based upon a balance of probabilities, and a criminal case, in which proof was required beyond reasonable doubt.

He suggested the MLAs should lean toward proof beyond doubt.

CIRCUMSTANTIAL

Much of the evidence had been circumstantial, he added, such as the allegation that a contractor agreed to pay \$350 a month to the organist in Mr. Gagliardi's Kamloops church.

Some was definitely proved, such as the alteration of

figures on progress estimates of project 819.

"You have to decide whether there was any impropriety." Earlier in the afternoon highways department lawyer Angelo Branca completed his summation.

He called on the MLAs to render a statement that Mr. Gagliardi and his men are "honest people."

"Every member, from the minister of this department down, every one of the splendid heads of this department, want, I believe deserve, your commendation; and you should exonerate these men, many of whom have given years of service in the department. You should completely exonerate them from any wrongdoing in 819 or any duty which they have had to serve."

STOPPED CHEQUES

Mr. Branca recalled that at one stage of Project 819, the highways department had stopped some \$128,000 worth of cheques to the contractor.

"If this was the kind of favor

they allowed them, then let God bless them for the prudence they showed," Mr. Branca said.

Mr. Branca conceded that a highways department employee may well have been involved with companies doing work on government contracts, but it did not concern the inquiry.

The employee, Vincent L. Greedy, had flatly told Mr. Gagliardi that he was not involved at the time.

If he deceived the minister it was immaterial, Mr. Branca said.

The accuser of graft was Dick Holzworth, a Montana contractor who took over Project 819 from the original contractor.

Mr. Branca said that Mr. Holzworth not only failed to prove his charges, but actually disproved them.

MLAs BUSY

Inquiry Verdict Soon

By FRANK RUTTER

(See earlier story page 15)
Verdict of the highway graft inquiry is expected by weekend.

The 13 MLAs on the inquiry met this morning at 9:30 for their second in-camera session.

They planned to meet again at 2 p.m. and tonight in an effort to come to a speedy decision on the report they will make to the cabinet after six weeks of investigations.

The next cabinet meeting is Monday, and it is likely that the report will be made public immediately afterwards.

The inquiry moved today from the law courts, where its public hearings were held, to the legislative buildings, where it first sat as the House public accounts committee.

Today's meetings were in the Social Credit caucus room.

The public hearings ended at 3:30 p.m. Wednesday. The MLAs met privately until 4:45

GENERAL APPROACH

They discussed the general approach they would make to their report.

Today they got down to the meat: whether or not the allegations of graft against Highways Minister P. A. Gagliardi and his men are true.

Mr. Gagliardi was heading for Kamloops later today, but said he will be back in Victoria next week.

Social Credit members of the inquiry feel that it will not take long to assess the evidence heard in the past six weeks. They believe their report could be ready late tonight.

But Opposition MLAs say it will probably take until Friday.

Nearly all the questioning from the MLAs at the inquiry came from the New Democrats and Liberal leader Ray Perrault.

It is likely that they will want more time to discuss the answers.

The Socreds have an eight-to-five majority on the inquiry.

It is possible that the opposition members might file a minority report if there is any disagreement. If so, it was understood that it would be made public immediately

'A FARCE'—DOWDING

Gaglardi Cleared By Probers

By AB KENT

A legislative inquiry, which cleared of wrongdoing Highways Minister P. A. Gaglardi and his department, today was called a farce by the man who filed allegations in the legislature in February.

Gordon Dowding (NDP—Burnaby) commented from his home:

"It was almost ordained from the beginning, from the time it went to a parliamentary committee, that it would end in this way.

"The whole thing is a farce to a lawyer used to impartial proceedings, to see what amounts to a partisan inquiry.

"Any recommendation that further investigations be done by way of a royal commission meets with my concurrence."

Premier Bennett Friday night released a report signed by committee chairman Irvine Corbett (SC—Yale) giving Mr. Gaglardi and his departmental officials a clean bill of health with regard to allegations

made by former highway contractor Richard Holzworth about 1957 Trans-Canada Highway Project 819.

Two hours later, shortly after 10 p.m., a minority report signed by six members of the committee was released by Opposition members, concurring that there was no evidence of impropriety and nothing to show misuse of public funds.

The six who signed the second report included Social Credit member J. Donald Smith, Victoria, opposition leader Robert Strachan, Liberal leader Ray Perrault, and New Democrats Randolph Harding (Kaslo-Slocan), James Rhodes (Delta) and Leo Nim-sick (Cranbrook).

Elimination Points to Socreds

By elimination, those who supported the chairman's report would be Socreds Waldo Skillings (Victoria), Dan Campbell (Comox), Eric Martin (Vancouver-Burrard), Donald Brothers (Rossland-Trail), Tom Bate (Vancouver-Point Grey) and Jacob Huhn (North Peace).

The committee, normally charged with looking into public accounts and printing during the legislative session, was composed of eight government members and five members of the opposition.

Its sessions ran for a total of six weeks at an estimated cost of \$40,000.

The premier, as president of the executive council to which the report was made, made the release after contacting the other members of the cabinet, he said.

He made no comment.

Aimed for Non-Partisan View

"I tried to view it as a non-partisan group of people. We were there as individuals and that's the way we were supposed to conduct ourselves," he said.

He would not confirm the supporters of Mr. Corbett's report.

This was the result of in-camera sessions after the pub-

lic hearings and "I certainly can't divulge what transpired in camera," Mr. Smith said. But he agreed the names were "a matter of mathematics."

The chairman's report rejected five allegations made by Mr. Holzworth:

That Mrs. Florence Gresty, Kamloops, was paid \$350 a month as organist in Mr. Gaglardi's church. Members expressed regret for "inconvenience and embarrassment" to her.

That Mr. Gaglardi told Union Contractors Ltd. to pay off a \$6,702 mortgage for Vincent Gresty, then em-

ployed by the highways department.

That the minister promised Union would be "well taken care of" for doing this.

That a contractor was overpaid \$35,000 through falsification of records.

That the same contractor was paid \$100,000 for work for which he had no capability at the time.

The report commended the minister and members of his staff, which were named: deputy minister Thomas Maird, ex-deputy Evan Jones, chief engineer Fred Brown, director of projects E. C. Webster, comptroller A. E. Rhodes and resident engineer Eric Barclay.

Praised Devotion to Duty

It praised their "devotion to duty" on Project 819 and during the inquiry and to the people of B.C., and praised Mr. McKenzie, whose recommendations were:

That witnesses be protected against self-incrimination.

That hearsay evidence be banned.

That people affected by the inquiry be given notice of witnesses and a summary of evidence they were to present.

That prospective witnesses be given at least 48 hours notice.

Establish beyond question the right of witnesses to have counsel.

Provide for in-camera testimony of possibly defamatory evidence, with simultaneous release of rebuttal evidence if any.

The second report contained nine points, including regret that Mrs. Gresty was caused distress by false accusation, that L and M Logging's failure to supply proof of financial responsibility should have been adequate warning to the department to reject them as contractor on 819 and that this led to "serious difficulties" on the job, that the department's action in accepting a tender of the same firm on a subsequent project was questionable.

It regretted that the engineer's log book for the project was destroyed and recommended that logs in future become part of the department's records.

It noted that changing estimate figures for material to be moved on the job set a precedent and that circumstances were unusual.

The report recommended establishment of prequalification for contractors to prevent a repetition of similar circumstances.

"The minister of highways was aware of the debt owing and discussed the matter with department officials. We are satisfied there was no impropriety.

"This kind of relationship is, however, most undesirable and dangerous when it occurs in relation to government contracts."

It finished:

"After studying the evidence provided, we agree there was no impropriety on the part of the department or highway officials

in respect to Contract 819 and no misuse of public funds."

Mr. Dowding said a legislative committee is "a very unsatisfactory way to investigate anything."

"These people were there to listen, not investigate."

It is difficult for partisan politicians to do the job of investigating, Mr. Dowding said, adding:

"Commission counsel did his best, but it was not in his hands to do other than advise committee members.

"How in the world could they hope to find out anything if they had no staff to do the investigating?"

A P R

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Housewife Denies Charges

By TERRY HAMMOND

A Kamloops housewife yesterday categorically denied that she is an organist or that she received money from contractors working on controversial Trans-Canada Highway project 819.

The witness, appearing for the first time before the legislative committee probing accusations against Highways Minister Gagliardi and his department, was Mrs. Florence Gresty.

She was named in the affidavit of Montana contractor Dick Holzworth as an organist in Mr. Gagliardi's church who was paid \$350 a month by the L & M Logging Ltd. and later by Union Contractors.

BITTER MELEE

Her appearance in the witness box sparked one of the most bitter shouting melees of the dispute-ridden hearings in recent days.

The skirmish started when Liberal leader Ray Perrault asked her if, from 1957 to 1959, she held any position in the Social Credit Party.

Highways department counsel Angelo Branca shot to his feet to object to the question.

NOTHING SINFUL

Mr. Perrault explained that perhaps any money paid to Mrs. Gresty was for political purposes "and there's nothing sinful about."

Donald Smith (SC—Victoria) said some members of the committee were "trying to smear every witness."

"I think it is indecent," he shouted.

"You don't even look sin-

cere," cried Dan Campbell (SC—Comox).

"It's her business, not your's," said Health Minister Eric Martin.

"This is nothing but political grandstanding," shouted back Mr. Perrault.

"You have a suspicious mind," he told Mr. Smith.

Government members joined Mr. Smith in loudly protesting the question.

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News Executives Subpoenaed

Who Called Contractor Angel?

Three Vancouver Sun newspaper executives have been subpoenaed to appear before the legislative highways probe committee on Friday.

The move was made by the committee yesterday at the written request of one of its members, Victoria Socred Waldo Skillings.

The trio consists of Sun publisher Donald Cromie, assistant publisher Lawrence Dampier and managing editor Erwin Swangard.

ANGEL FOR GAGLIARDI

As Mr. Skillings filed his request he held up a copy of the Sun's Monday final edition which bore a front page banner headline reading "Contractor Called Angel for Gagliardi."

"Who in this inquiry made such a statement as that?" he asked.

Mr. Perrault said it was obviously "a very sensitive point" to the highways department counsel and some members of the committee.

"Smear," shouted some of the government members.

Chairman Irvine Corbett (SC—Yale) ruled the question out of order and adjourned the hearing for 10 minutes.

Mr. Perrault said loudly he was going to pursue the line

of questioning when proceedings resumed, but by that time Mrs. Gresty had been excused.

In her testimony she said she had known Burton Lymburner, president of L & M and associated with Union Contractors, for about 10 years and was a close friend of Mrs. Lymburner.

She had worked for him until 1954 and since then had

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received no sums of money from him.

Mrs. Gresty said her 18-year-old daughter Gloria is an organist and plays at Mr. Gagliardi's church but doesn't get paid for it.

"She might get \$5 for a wedding, and then put it in the collection next Sunday," she added.

CHURCH MEMBERS

She and her family are members of the church, she testified, but Mr. Gagliardi is no more friendly to her than to any other members of the congregation.

When committee counsel Lloyd McKenzie asked if she was a personal friend of the minister's, she brought roars of laughter with the reply, "I would say the minister has no personal friends."

MINISTER BLUSHING

"Would you explain that, the minister is blushing, I think," said Mr. McKenzie.

"He treats us all the same," she answered.

She said that the congregation sees Mr. Gagliardi as their pastor and not as the minister of highways.

Asked by an opposition member of the committee to

explain a company book entry brought out in evidence which showed a cheque for \$60 had been made out in her name, she said she had simply cashed a cheque for principals of the firm.

On another occasion, she volunteered, she cashed a \$40 cheque under similar circumstances. She said company principals had come into town on their way to Vancouver and found the banks closed.

The witness said her husband was Vincent L. Gresty, described in earlier testimony as having been connected with a Project 819 subcontractor while he was still a highways department superintendent.

She said her husband had been involved as a principal of Mid-City Construction, the subcontractor, prior to Project 819 when the firm was working on a railway contract.

He had signed notes for equipment bought by the firm and could not entirely free himself of the connection when the company got a highway contract because the notes were still not paid off.

The committee is scheduled to resume hearings at 10 a.m. today but it was not known whether there would be any witnesses on hand.

'MUD-SLINGING'

He referred to the legislative probe as a "mud-slinging committee."

Mr. McKenzie said the attorney-general's department had telegraphed a request and that he was still waiting for a reply.

Then he referred to earlier testimony when two witnesses said they had signed affidavits connected with the highways probe at the request of Sun reporters.

WIFE HOUNDED

One of the witnesses testified he signed an affidavit relating to repayment of a loan after reporters had "hounded" his wife. Another said Sun reporters spent two hours in his office getting him to sign a statement and he thought the newspaper owed him money for the time they took.

The Victoria MLA said he wants to know why Mr. Swangard "took such a personal interest" in the case.

As the committee concurred with Mr. Skillings' request, chairman Irvine Corbett (SC—Yale) sighed, "There's another work shot."

SATURDAY, APRIL 6, 1963

End of Highways Probe Expected Next Wednesday

By TERRY HAMMOND
Colonist Legislative Reporter

The end of the controversial and dispute-ridden legislative investigation into a 1957 highway project is expected to come next Wednesday after windup testimony from Highways Minister Gaglardi.

It started more than a month ago when Gordon Dowding (NDP — Burnaby) filed an affidavit in the legislature which contained allegations by Montana contractor Dick Holzworth.

Holzworth charged that a contractor had been overpaid \$135,000 on a highway project and had paid \$350 a month to an organist in Mr. Gaglardi's Kamloops church.

Principal witnesses in the hearings have denied the charges.

The committee's hearings have been rocked by frequent

clashes between its eight government and five opposition members.

Most of the bitter arguments have stemmed from the committee's early adoption of the hearsay evidence rule which is designed to prevent witnesses from testifying about events of which they have no direct knowledge.

Divisions of opinion have been largely along party lines with government members wanting to adhere to the hearsay rule, while opposition members felt it necessary to elicit hearsay evidence.

Two Key Figures Yet

Among witnesses yet to be called are two key figures—Mr. Gaglardi and former highways department employee Vincent L. Gresty.

The hearings yesterday were adjourned until Tuesday morning in order to give some of the 13 committee members a chance to cast federal election votes in their own ridings on Monday.

Officials felt that all of the remaining witnesses could be heard on Tuesday and that Wednesday will be taken up with summation of the evidence by counsel.

After that, the committee will sit down to write the report of its findings.

At one point during yesterday's session committee coun-

sel Lloyd McKenzie remarked that "there have been a lot of complaints here about legal jargon. If I may say so, there's been too much political jargon."

His statement came after some government members objected to the role in the hearings played by Mr. Dowding. There were complaints that, not being a member of the committee, he should not assist the NDP faction and had spoken to a prospective witness in a corridor outside the hearing.

Mr. McKenzie said there was nothing improper in what Mr. Dowding had done, and committee chairman Irvine Corbett (SC—Yale) said NDP members could have all the legal advisers they liked.

Doesn't Know Anything

First witness yesterday was Erwin M. Swangard, managing editor of the Vancouver Sun, who had been called at the request of Victoria Sacred Waldo Skillings.

Mr. Swangard said he had no direct knowledge about Project 819.

Mr. Skillings was prevented from questioning him about newspaper headlines. He said he still wants to summon two other Sun executives, but the committee made no move to do so.

Frederick Gudeit, who had owned a power shovel which was leased to a sub-contractor

on Project 819, said he lost \$35,000 on the job and had tried unsuccessfully to have the highways department secure the money for him.

His wife testified that she had held two telephone conversations with Mr. Gaglardi about the loss and told him her husband felt the job would be a safe one because Mr. Gresty was associated with the sub-contractor who had leased the shovel.

She said the minister replied that he would try to help, but said Mr. Gresty's association with the job was not that of a government employee.

WEDNESDAY, APRIL 10, 1963

Branca's Advice: Don't Go on Stand

NO TESTIMONY BY GAGLARDI?

By TERRY HAMMOND

Colonist Legislative Reporter

Lawyer Angelo Branca told a hushed highways investigating committee yesterday he will advise his client, Highways Minister Gaglardi, not to enter the witness box.

"If I can persuade him to my way of thinking then I tell you now, you will not hear from him in this box," the lawyer said.

The hush was immediately broken by opposition titters.

NOT LAUGHING MATTER

"It is not a laughing matter, gentlemen," Mr. Branca admonished. "It is a matter where we are doing justice."

He told the probe that in his opinion evidence produced in the month-long investigation has disproved the allegations made against Mr. Gaglardi and his department.

BY SURPRISE

The investigation was sparked by an affidavit from Montana contractor Dick Holzworth and evolves around Trans-Canada Highway Project 819 near Revelstoke.

Mr. Branca's statement caught committee members by surprise.

Opposition leader Robert Strachan pointed out there had been indications throughout the hearings that the minister would give evidence.

QUOTES TRANSCRIPT

Grabbing a transcript of earlier proceedings Mr. Strachan turned to a page where committee chairman Irvine Corbett (SC—Yale) had cut off a question with the statement "I think the minister can clear that up when he is called."

"This left the definite impression he would be called," Mr. Strachan continued.

HAPPY TO DO SO

Reading from the transcript again he quoted the minister as replying "I will be happy to do that."

The question of whether or not the minister would testify arose from a remark made by committee counsel Lloyd McKenzie.

Mr. McKenzie, who had just finished reading into the record a number of letters from highways department files relating to Project 819, said "I certainly think a number of things disclosed have to be answered.

TO BE EXPLAINED

"A number of things have to be explained by the minister."

"I haven't made up my mind on that at all," said Mr. Branca. "I frankly say this to you: I see nothing at all to meet here as far as the minister is concerned."

He said he and his client would make a final decision overnight.

The committee hearing resumes at 9:30 a.m. today.

EXCERPTS READ

Only ruckus at the strife-torn hearings yesterday came after Mr. McKenzie had read excerpts from some 600 letters made available to the probe by the highways department.

He told the committee that their main value was in shedding further light on the bid bond posted by L & M Logging Ltd. in order to get the Project 819 contract.

WRONG PROCEDURE

Mr. Strachan said the appearance of the correspondence in the final stages of the hearing "shows without a shadow of a doubt we have been using the wrong procedure at this hearing right from the start."

He said the letters provided obvious lines of questions which should have been directed at previous witnesses.

MEMBERS GROAN

Some government members of the committee groaned when Mr. Strachan said that in the light of the new evidence he would have to consider recalling the witnesses.

"This shows how wrong we have been," said Mr. Strachan in reference to an earlier committee decision that all documents would have to be introduced through pertinent witnesses.

"No it does not," shouted the chairman.

"I now say it is completely wrong," Mr. Strachan insisted. "That is your opinion," shot back the chairman.

Most Unfortunate

Liberal Leader Ray Perrault termed it "most unfortunate" the correspondence had not been produced earlier.

Jim Rhodes, (NDP—Delta) asked what witness the letters had been produced through.

Mr. McKenzie said they had been produced by Deputy Highways Minister Tom Miard who could be called as a witness.

Waste of Time

"I think this is just a waste of time," said Mr. Corbett.

Earlier the chairman had ruled against a line of questioning launched by Mr. Strachan when Vincent L. Gresty, a former highways department employee, was on the stand.

The Holzworth affidavit alleges that a contractor on Project 819 paid off a \$6,702 debt on behalf of Mr. Gresty at Mr. Gaglardi's request, and was told in turn that his firm would be "well taken care of" for doing so.

Mr. Strachan asked the witness if he had been associated with Mr. Gaglardi on an airport contract in Powell River around 1950.

Not with Gaglardi

Mr. Gresty replied that he wasn't.

"What's that got to do with

819?" asked Tom Bate (S.C. Vancouver-Point Grey).

"Nothing at all," cut in Mr. Corbett, "I rule this out of order."

Mr. Strachan said he was simply trying to establish what relationship had existed

between the witness and Mr. Gaglardi, but he didn't pursue the question.

Gresty Denies Side-Money

Vincent Gresty of Kamloops, a former highways department employee, denied Tuesday that he made money on the side by renting equipment to contractors on government projects.

Gresty appeared at the resumption of hearings of the legislature's board of inquiry into allegations of graft within the highways department.

Not Partner

He denied being a partner or active participant in a contracting firm while in the department, but admitted he had given a "letter of intent" granting him shares if the company made good in business.

Earlier, Evan Jones, former deputy highways minister, termed "fantastic" allegations made by Montana contractor Dick Holzworth that \$135,000 was paid by the department for work never performed on

Trans-Canada highway Project 819 near Revelstoke in 1957 and 1958. Gresty was mechanical superintendent for the highways department at Kamloops at the time.

Sub-Contractors

One of the sub-contractors was Mid-City Construction, a company which Gresty and his brother turned over to Harvey Campbell, a previous witness.

Gresty said he received nothing for the company. It owed \$400 to an accountant in Vancouver.

However, he had signed a sales agreement for almost \$100,000 worth of machinery used by Mid-City.

'Most Odd'

Board counsel Lloyd McKenzie said it was "most odd" that Gresty would receive nothing for his machines, even rental.

Gresty said that Mid-City was supposed to make the payments on two machines he bought.

Mr. McKenzie, who has access to a special RCMP report on Project 819, disclosed that on Feb. 23, 1959, Gresty told RCMP he was Mid-City's "financial backer."

'Very Foolish'

Gresty said he thought he would eventually become a partner as agreed in his "understanding" with Mr. Campbell.

"I was very foolish."

The RCMP report also contained statements from several people alleging Gresty was an agent in selling equipment while working for the government.

Earlier, Gresty denied previous testimony that he had found work for the machines to do, and that the equipment was sold "for an inflated price."

He said he did not remember meetings or people mentioned by Mr. McKenzie, who was reading from the RCMP report.

He also denied meeting Mr. Gillespie or his accountant, Ronald Myhill-Jones of Vancouver, in connection with a \$7,250 mortgage.

This mortgage, Mr. Holzworth

charged, was paid off at Mr. Gagliardi's suggestion in return for future favors.

Mr. Myhill-Jones testified last when Mr. Gresty had taken part in the negotiations for the loan.

Asked whether he was a friend of Mr. Gagliardi, Gresty replied:

"Contrary to public opinion—he would rate me a friend the same as he would other friends."

Gresty also denied another allegation by Mr. Holzworth that his wife, Florence, was paid \$350 a month by Burton Lymburner, a principal of L & M Logging Company, which received the original contract for Project 819.

The contract was subsequently turned over to Union Contractors Limited, of which Mr. Holzworth was president.

WEDNESDAY, APRIL 10, 1963

Gaglardi Warns**Probe Could Cost Millions**

By TERRY HAMMOND

Highways Minister Gaglardi told the legislative roads probe yesterday its protracted hearings could cost B.C. taxpayers millions of dollars.

He rose to make the statement just before the committee adjourned its most unfruitful public session thus far.

His words brought groans from the public galleries and snickers from Opposition committee members.

CAN'T SUPERVISE

Mr. Gaglardi told the probe the continued presence of he and some of his top officials was preventing their personal supervision of major highway projects.

"This," he said, "could cost us in the neighborhood of millions of dollars."

RETURN TO JOBS

Leo Nimsick (NDP — Cranbrook) suggested there was no reason why senior officers of the department had to be present at the daily sessions. They could go back to their jobs.

But committee counsel Lloyd McKenzie disagreed.

"It is their oxen that are being gored, not yours," he told the Cranbrook MLA.

MAY TESTIFY?

Highlight of yesterday's brief hearing was an indication that Mr. Gaglardi may testify before the committee after all.

There was no official word from Mr. Gaglardi or his counsel, Angelo Branca, but chairman Irvine Corbett (SC—Yale) said he now understood Mr. Branca wanted to call the minister as the last witness.

On Tuesday Mr. Branca had surprised committee members with an announcement that he would advise Mr. Gaglardi not to go into the witness box.

CAN BE CALLED

What would happen if he doesn't volunteer as a witness?

Committee members have pointed out that they have a

right to call anyone to testify simply by filing a certificate with the chairman. Any single member could file such a certificate.

The bill which perpetuated the life of the legislative committee after the House rose also gave it the powers of the Supreme Court to take action for contempt.

BITTER SQUABBLING

The committee yesterday heard brief supplementary evidence from a highway official, adjourned for 35 minutes to study some documents and then adjourned for the day after a half-hour of bitter squabbling.

The committee decided to sit again at 9:30 a.m. today—but without the firm prospect that there will be any witness on hand to hear.

SEEK WITNESS

Officials were trying to persuade Glen Geery, a former project manager on controversial Trans-Canada Highway Project 819, to come here from Seattle to give testimony. Because he is in the U.S. he is outside the jurisdiction of the committee.

The wrangling started yesterday after Dan Campbell (SC—Comox) remarked that if any committee members didn't already know the details of Project 819 they never would.

Waldo Skillings (SC—Victoria) took up the cry saying "It's all very well for members of this committee to want a Roman holiday at public expense, but I for one want to get off the payroll."

Opposition leader Strachan angrily called Mr. Skillings' remark "scurrilous."

HOURLY RATE?

Mr. Skillings said if the committee is only going to sit for an hour a day its members should be paid an hourly rate. (Members are receiving \$25 a day plus living expenses.)

Mr. Strachan replied that Mr. Skillings might be out playing golf when the committee was not actually in session, but he was spending the time reviewing evidence.

Randolph Harding (NDP—Kaslo-Slocan) said that if this

was the kind of holiday Mr. Skillings thought members enjoyed, then "he's nuts."

Chairman Corbett broke into laughter, but said he didn't think one member should say that another was nuts.

FRIDAY, APRIL 12, 1963

'Punch on the Nose'

MLA CHARGES INTIMIDATION

By TERRY HAMMOND

A Social Credit member of the highways probe yesterday asked chairman Irvine Corbett (SC—Yale) to consider contempt proceedings against an NDP MLA for "deliberate intimidation."

Dan Campbell (SC—Comox) accused Gordon Dowding (NDP—Burnaby) of threatening to punch his nose and to sue him for remarks made during the hearings.

EVOKES LAUGHTER

His charge evoked laughter among opposition members of the 13-man committee and even Mr. Corbett smiled when he said he would take the matter under advisement.

Health Minister Eric Martin grinned broadly as he admonished opposition members, "it's no laughing matter."

Mr. Dowding, who has been unofficial legal adviser to NDP members on the investigating committee, jumped up at the conclusion of Mr. Camp-

bell's statement and said the alleged threats had nothing to do with the proceedings of the committee.

"It's what he was going to do in Courtenay," he cried. He did not elaborate.

Mr. Campbell made his charge just as the committee resumed its public hearings after a noon adjournment.

AFTER COMMENTS

He said that "on March 29, as a result of comments made by me to be found on Page 1709, Volume 20, of the transcript, Mr. Gordon Dowding, NDP member of the legislature for Burnaby, said, 'if you don't quit bringing up my name in this case I will punch you on the nose.'"

He dismissed the threat at the time, he added, attributing it to "ill manners, ill-temper or both."

MORE SERIOUS

But since then Mr. Dowding had made "an even more serious threat."

"Yesterday he threatened to sue me if I didn't shut up," said the diminutive Comox member.

"After some reflection I feel that I can no longer be quiet about this deliberate intimidation of a member of this committee."

"I therefore ask you Mr. Chairman to take this matter under advisement with counsel to see if the above incidents are not a serious contempt of the committee."

BREAKS SILENCE

Randolph Harding (NDP—Kaslo-Slocan) was among the first to break ensuing silence.

"Aw, we'll protect this timid little member," he said.

The committee sits again at 9:30 Tuesday morning, at which time it is scheduled to hear testimony from Glen Geery, former superintendent on Trans Canada Highway Project 819—the job which sparked serious allegations against Highways Minister Gagliardi and his department.

Roads Officials Lack Frankness

The New Democratic Party charged yesterday that highways department officials have been "less than frank" at the legislature's board inquiry into allegations of graft in the department.

The statement was made on behalf of the NDP at the opening of today's hearing by Randolph Harding (NDP—Kaslo-Slocan).

Mr. Harding also requested the calling of four additional witnesses and the recall of four previous witnesses.

STUDIED LETTERS

He said his requests stemmed from study until 11 p.m. Wednesday of 650 pieces of correspondence in the highways de-

partment files concerning Trans-Canada Highway Project 819 around which the allegations revolve.

The correspondence was made available to the inquiry Tuesday. Mr. Harding said the NDP had asked for it at the start of the hearings, at the beginning of March.

LESS THAN FRANK

"Had these documents been made available by the department of highways at an early stage of the proceedings, it is our opinion that the work of the committee members would have been greatly expedited and assisted, but the department had been less than frank."

"It poses a problem as to all the testimony given to date."

Mr. Harding said it might have taken only an additional hour to ask questions about the letters when the witnesses first appeared.

WANTS GAGLIARDI

The new witnesses he requested are: Highways Minister Gagliardi; his deputy, H. T. Miard; deputy attorney-general Dr. Gilbert Kennedy; and N. A. McDiarmid, attorney-general's department lawyer.

Those he wanted recalled are: Fred Brown, highways department chief engineer; A. E. Rhodes, department comptroller; Evan Jones, retired deputy minister; and United

States contractor Clyde Thornton.

One of the letters Mr. Harding mentioned referred to possible perjury by Mr. Thornton in giving the highways department an affidavit saying all his bills had been paid to sub-contractors.

A notation on the letter said: "Honorable minister directs no action be taken at this time."

Mr. Rhodes testified today that this decision was made because the B.C. Supreme Court was at that time about to give a decision on a contempt citation involving Mr. Gagliardi and Mr. Thornton in 1960.

Gaglardi

Power of Pulpit Only Influence

By TERRY HAMMOND

Highways Minister Gaglardi told the legislative roads probe yesterday his only influence on a contractor who donated free labor to his Kamloops church was the power of the pulpit.

He said he is sure it was his Sunday appeals for help in building a Calvary Temple auditorium that prompted a Trans-Canada Highway contractor to pay the wages of two men who worked for the church for about six months.

BACKED MEN

During a full day in the witness box the minister categorically denied the allegations of Montana contractor Dick Holzworth and said he fully concurred in decisions made by his men in relation to controversial Project 819—a 12.8-mile section of highway near Revelstoke.

His testimony brought to an end the parade of witnesses which has appeared before the legislative public accounts committee since it commenced its investigation on March 6.

Today members of the 13-member committee will hear a summation of evidence from Vancouver lawyer Angelo Branca, counsel for Mr. Gaglardi and the highways department, and possibly a further summation by committee counsel Lloyd McKenzie.

After that looms the task of preparing a final report for the cabinet.

LAST PUBLIC ACT

Mr. Branca's summation will likely be the last public act of the committee until the report is released.

It will mark the end of an investigation involving more than 60 public sittings, 160 hours of testimony mixed with bitter inter-party wrangling, and a transcript running to 35 volumes and nearly 500,000 words.

The investigation was the government's answer to the Holzworth allegations tabled in the House Feb. 26 in affidavit form by Gordon Dowding (NDP—Burnaby.)

TEMPERS FLARED

As they have done many times since the hearing began, tempers flared on several occasions yesterday but never more hotly than when Mr. Dowding shouted across the chamber that Mr. Gaglardi was "a liar."

He hurled the epithet when the minister testified that the Burnaby member, a lawyer, had told him in a legislative corridor that he was acting for Mr. Holzworth.

UNPARLIAMENTARY

Mr. Gaglardi demanded a retraction and Mr. Branca said the remark was unparliamentary.

Waldo Skillings (SC—Victoria) said Mr. Dowding, who is not a member of the committee, should be cited for contempt.

Mr. Dowding said he retracted the accusation, but insisted he had never discussed the matter with the minister.

Chairman Irvine Corbett (SC—Yale) took no action on Mr. Skillings' statement.

Mr. Gaglardi's account of work on Calvary Temple and his role in the church stemmed from earlier testimony that Bonanza Construction had mailed cheques covering the wages of two men to the minister's home in Kamloops.

FROM TIME SHEETS

A former Bonanza employee testified the cheques were made up from time sheets submitted by Anthony Gaglardi, the minister's brother, who stayed in the minister's home. He said he never saw either of the men on Project 819—the job for which Bonanza handled the payroll.

Mr. Gaglardi told the probe yesterday that Calvary Temple decided in 1958 to build an auditorium and, as it had done in the past, employed his brother as "boss carpenter" because his brother was a building contractor who could cover the crew with workmen's compensation.

Continued on Page 2

Gaglardi Denies Charges

His brother was to do all the hiring, he said, and the donor-sponsors of labor would act through him with the actual donations covering wages going to the temple.

This procedure was not followed with the two men in question, the minister testified, because Bonanza had its own workmen's compensation coverage.

ASKED FOR HELP

He said he appealed for help on the project each Sunday. Members of the congregation were asked to either work on the building themselves or sponsor others who would work in their place.

Asked by Randolph Harding (NDP—Kaslo-Slocan) if he had been instrumental in any way in having the two men put on the church job by the construction company, he replied, "Directly no, but indirectly I would say yes."

Outlining again the appeals he made for assistance, he added, "I am sure this had something to do with this action being taken."

CHECKED MATTER

He said his first knowledge of the Bonanza contribution came in 1959 from the press and that he had then checked the matter with his brother and learned the facts.

He denied that the contractor got any patronage as a result of the contribution and he denied that the contractor, as charged by Holzworth, had at any time paid \$350 a month to an organist in his church.

His organists don't receive pay for their work, he said.

He told the committee that officially he is not even the pastor of Calvary Temple al-

though he continues to fulfill the pastors' functions.

He said he resigned four years ago because of constant "badgering" over his church.

"I have not received even a penny-piece in the last 10½ years for my work in Calvary Temple—nor has my wife."

CONSTANTLY DENIED

Asked about Holzworth's allegation that Burton Lymburner was employed by Union Contractors Ltd., to "keep the door greased" to Mr. Gaglardi, the minister said it had been constantly denied in subsequent testimony.

In fact, he added, Lymburner (a key man in companies associated with Project 819 who has failed to return to Canada from the U.S. to testify) was a less frequent visitor to his office than many other contractors.

MORE DENIALS

Mr. Gaglardi denied that he had ever asked Union Contractors official Clyde W. Thornton to retire a mortgage against former highways department employee Vincent L. Gresty, and that when he asked Gresty if he was involved with a Project 819 sub-contractor he got a negative reply.

He had never assured Thornton he would be "well taken care of" as a result of anything he did.

POLICY CHANGES

As a result of Project 819, he testified, his department had made certain policy changes in the handling of bids after they have been received.

His department did not deviate from fixed policy in letting Project 819 to the low bidder on the strength of a bid bond

which subsequently was found to be faulty, but simply exercised discretionary powers.

Mr. Gaglardi testified that he was away at the time the bids were opened, and on his return he accepted the recommendations of his officials.

COMPTROLLER'S JOB

"I don't deal with the bonds at all, my comptroller does that."

"There's no use of me keeping first-class men and doing the job myself."

"I looked upon this exactly the way it was put to me by my deputy."

The decision to allow the company a period of grace in which to furnish a valid bond was made by the then deputy minister, he said, "and I concurred."

Replying to James Rhodes (NDP—Delta) he denied that any contractor ever sponsored his religious broadcasts.

He testified that the Holzworth allegations of \$135,000 paid to the Project 819 prime contractors for work that was never done had been dealt with in the testimony of departmental officials.

The minister said he had

nothing to do with the actions leading up to payments.

He had never promised a "get well project" to people who lost money on Project 819 and had never suggested to them how much they should bid on a subsequent contract.

Before Mr. Gaglardi took the stand yesterday Mr. Branca told the committee the minister was willing to testify but had no new testimony to add to that of departmental officials.

He said Holzworth's affidavit contained "irresponsible" allegations by an "irresponsible man."

THURSDAY, APRIL 18, 1963

Probe Told: Shun Politics

By TERRY HAMMOND

Ears still ringing from a stern warning to shun politics and stick to facts, the 13-man highways probe committee yesterday sat down to ponder its verdict.

The warning came from its own legal counsel, Victoria lawyer Lloyd McKenzie.

"No matter what you call it, gentlemen, you are engaged in a judicial function.

"Political and judicial functions don't mix. They are antithetical.

Fire and Water

"They are as fire and water."

Mr. McKenzie's address to the committee came as the next-to-last act of a drama which commenced unfolding Feb. 26 when an NDP MLA filed in the legislature an affidavit by Montana contractor Dick Holzworth. The last act will come when the committee hands its report to the cabinet—probably early next week.

Holzworth charged that a contractor on the Trans-Canada Highway was overpaid \$135,000—that the same contractor paid \$350 a month to an organist in Highway Minister Gagliardi's Kamloops church—that the minister promised favors to a contractor for paying off the mortgage of a former highways department employee.

Contractor 'Liar'

Vancouver lawyer Angelo Branca, counsel for Mr. Gagliardi and his department, opened yesterday's proceedings with his summation, in which he termed Holzworth a liar motivated by the desire to recoup alleged losses incurred on Trans-Canada Highway Project 819.

The Montana contractor had known about the allegation of payments to the organist, whom he identified as Mrs. Florence Gresty, for three years and had never checked it.

"One simple phone call by this soldier of fortune who swore out this affidavit would have sufficed.

Cites Two Factors

As part of Holzworth's motive in swearing out the affidavit were two factors, said Mr. Branca.

"First, a veiled threat by way of blackmail that he was going to do exactly what he did here.

"Second, to use this committee as an examination for discovery to see if he could get some information that might

be of assistance to him in a claim he has been trying to formulate for three years."

Mr. Branca suggested the spread between the \$35,000 which Holzworth was said to have put up for Project 819 and the \$200,000 he claimed he had lost was "just too fantastic to believe."

Puffball Exploded

The contractor's allegations were "a puffball that exploded."

The payment of the mortgage on behalf of Vincent L. Gresty, mechanical superintendent for the highways department during the course of Project 819, had not been made at the request of Mr. Gagliardi but had resulted from routine action by highways department officials to protect a creditor of a prime contractor.

Mr. Branca said that whether Gresty had deceived the minister in stating he had no connection with a firm subcontracting on the project was immaterial.

What counted was that the minister had tried to determine whether he was involved in the project and that the effort failed to show any involvement.

Claims Debunked

On allegations of overpayment on the project, highways officials and others had shown that, contrary to Holzworth's assertions, adequate equipment and manpower had been on the job to perform the work, and that a reasonable reclassification of material had taken place.

Mr. Branca said there was nothing wrong with a firm which was involved in Project 819 making a contribution to Calvary Temple, the Kamloops church for which Mr. Gagliardi acts as pastor.

Dealing with misuse of public funds, he continued, evidence was unequivocal that there had been no loss of public funds and no favors to contractors.

\$115,000 Saved

On the subject of a faulty bid-bond submitted by the firm which got the contract for Project 819, departmental officials had used their discretion on granting the company a few days to make good and had saved the province \$115,000 in the process—the difference between the lowest and second lowest bids.

"If this was the kind of favor they showed, then God bless them for their prudence."

At a later stage in the job the department had stopped payment on progress cheques pending proof that the prime contractor would pay certain of his outstanding accounts.

"If that is the kind of favor, then let's have more."

He said the introduction into the proceedings of the committee of innuendo and other factors had left his clients cornered and in a position where they had to prove their innocence.

"This is indeed unique in British justice as far as I know in 40 years at the bar."

Mr. Branca termed the committee members judges as well as inquisitors.

"I hope I do not do you an injustice when I say that at times during the last six weeks it almost appeared obvious that you had drawn yourselves up according to your political beliefs and almost as if you

were seeking to make some political advantage out of a situation of this nature.

"I ask you to be big enough, and I am sure you will be big enough to approach the issue you have to determine with an open mind."

GAGLARDI CLEARED

By TERRY HAMMOND

The strife-torn legislative road probe split wide open yesterday producing two reports—both exonerating Highways Minister Gagliardi and his department of wrongdoing.

An official report, apparently endorsed by only seven of the eight government members of the investigating committee, commends the minister and his men on their conduct of controversial Trans-Canada Highway Project 819.

But an unofficial report released over the signatures of five opposition members and Victoria Socred J. Donald Smith was sharply critical.

Mr. Smith's signature on the minority report means committee chairman Irvine Corbett (SC-Yale) must have used his tie-breaking vote to give the government report a 7-6 majority.

The committee ended its deliberations shortly after 4 p.m. Friday.

Most of the government members dispersed but Mr. Smith joined the four NDP members and Liberal leader Ray Perrault for a discussion which resumed after Premier Bennett called a special 8 p.m. press conference to release the official findings.

Won Their Consent

The premier told reporters he had postponed an engagement to make the release.

It had not been expected before Monday at the earliest due to legislation which requires that it be filed with the cabinet.

But the premier said he had called cabinet members and won their consent to the immediate release of the document.

Mr. Smith said his action in crossing party lines to endorse the opposition report had no political significance—he is still a Social Creditor.

He also said it was not an opposition report in the political sense but merely a minority report agreed to by six members of the 13-man committee.

"This is the report the committee should have filed," he told newsmen.

Conclusion of the minority report was that, "after studying the evidence provided, we agree there was no impropriety or wrongdoing on the part of department of highways officials in respect to Contract 819 and no misuse of public funds."

Only One Signature

It was signed by Opposition leader Robert Strachan, Mr. Perrault, Mr. Smith, Randolph Harding (NDP—Kaslo-Slocan), Leo Nimsick (NDP—Cranbrook) and James Rhodes (NDP—Delta).

The official report, which Premier Bennett said had been delivered to him at his home, contained only the signature of the chairman but had apparently been endorsed by Waldo Skillings (SC—Victoria), Donald Brothers (SC—Rossland-Trail), Health Minister Eric Martin, Dan Campbell

(SC—Comox), Jacob Huhn (SC—North Peace), Tom Bate (SC—Vancouver Point Grey) and Mr. Corbett.

It specifically rejected these allegations contained in an affidavit by Montana contractor Dick Holzworth which was tabled in the House by the NDP Feb. 26:

● That Mrs. Florence Gresty of Kamloops was paid \$350 a month as organist in Highways Minister Gagliardi's church. The report expressed to her "regret for the inconvenience and embarrassment."

Continued on Page 2

Continued from Page 1

Two Reports Clear Gaglardi

● That the minister told Union Contractors' vice-president Clyde Thornton to pay off a \$6,702 mortgage on behalf of Vincent Gresty, then a highways department employee.

● That Mr. Gaglardi had promised Union would be well taken care of for this but that no favors or privileges were extended to contractors.

● That a contractor was overpaid \$35,000 through falsification of records.

● That the contractor was paid \$100,000 for work which could not have been performed.

The commendation text read in full: "The board would like to commend Minister of Highways Gaglardi, deputy minister Thomas Miard, former deputy Evan Jones, Chief Engineer Fred Brown, director of construction E. C. Webster, comptroller A. E. Rhodes and resident engineer Eric Barclay: for their conduct during the course of Project 819 and for their devotion to duty and their tireless efforts on behalf of the people of B.C. and their conduct during this inquiry."

AND McKENZIE

The official report also commended its own legal counsel, Lloyd McKenzie.

Six of Mr. McKenzie's recommendations to the committee were put forward in the report as suggested legislation covering future inquiries.

They were:

● That witnesses be given protection against self-incrimination.

● That hearsay evidence be prohibited.

● That those affected by the inquiry be given notice of the identity of witnesses and a summary of the nature of their evidence.

● That at least 48 hours' notice be given to prospective witnesses.

● Establish beyond argument witnesses' rights to counsel.

● Provide for in-camera testimony where it is likely to be defamatory, with simultaneous release of rebuttal evidence if any.

The unofficial report was released shortly after 10 p.m.

It too expressed regret Mrs. Gresty was caused "unnecessary anxiety and distress because she was falsely accused in the Holzworth affidavit."

TIME OF TENDERS

But it went on to say the failure of L & M Logging, prime contractor on Project 819, to supply proof of financial responsibility at the time of opening tenders for the job "should have been adequate warning to the department of highways to reject them as contractors on Project 819."

It said that, due to the "unfortunate experience" during the job, "we seriously question the decision of the department in accepting a tender submitted by the same principals with the respect to Project 1023."

CONCERN NOTED

The minority group regretted the destruction of the Project 819 engineering log book and expressed concern that a number of sub-contractors lost money on the job.

It said the highways department did contact Thornton with the result the Gresty mortgage was paid and went on to say "the minister of highways was aware of the debt owing and discussed the matter with department officials."

NO IMPROPRIETY

"We are satisfied there is no impropriety."

"This kind of relationship is, however, most undesirable and dangerous when it occurs in relation to government contracts."

The unofficial report also advocated any further inquiries of the same type be by way of a royal commission in order to secure impartiality and judicial procedures.

"The involvement of mem-

bers of the legislature in such an inquiry is wrong in principle and impossible in performance."

The minority group recommended that principals in future contracts be experienced and competent in highway construction and of proven financial responsibility.

The highway probe ran through 37 days of hearings and cost an estimated \$40,000.

It was torn by continual wrangling over procedure, angry arguments and sharply drawn party lines.

A P R

1963

Builder Called Angel for Gaglardi

Program Sponsor Alleged;
Question Ruled Inadmissible

Sun Victoria Bureau

VICTORIA—A member of the highways department inquiry board said today he has reason to believe a road contractor sponsored Highways Minister Phil Gaglardi's radio program.

The statement was made before the board by James Rhodes, (NDP—Delta).

Said Rhodes: "I have some reason to believe Mr. Lymburner was sponsoring a radio broadcast on Radio CFJC."

(This is the station in Kamloops.)

Burton Lymburner was president of the former L and M Logging Ltd., which allegedly received \$135,000 in extra payments from the government on highways project 819 in 1957.

CAUSED FURORE

Rhodes' statement caused a furor among the other 12 members of the inquiry board.

Rhodes was questioning witness Fred S. Bell.

He asked him if he had heard Lymburner say he sponsored a radio and television broadcast for Gaglardi.

Bell, bookkeeper for L and M at the time of the project, answered: "I didn't hear that myself. Not from my personal knowledge."

The question and answer was ruled inadmissible by commission counsel Lloyd McKenzie on the grounds of hearsay evidence.

Before the ruling, Angelo Branca, QC, representing Gaglardi and the highways department, described the question as "most improper."

MAY BE CALLED

Board secretary Dan Campbell (Social Credit — Comox) said he would issue a certificate to have Rhodes called as a witness.

Earlier, a move by opposition members to try to prove forgery of a signature on an agreement to assign contract 1023 near Creston from Bonanza Construction Co. to

Builder Alleged Phil's Sponsor

Continued from Page 1

Continental Construction Co. was blocked after Branca claimed this was outside the scope of the inquiry.

Contract 1023 was a trans-provincial highway project near Creston. It was started by Union Construction Ltd., which had taken over 819 from L. and M. Union's president, Dick Holzworth, earlier had described it as a "get well" contract for Union to recoup its losses from 819.

Rhodes protested angrily: "It (the question of alleged forgery) could prove that the government is doing business with a bunch of crooks, to put it quite bluntly."

Opposition Leader Bob Strachan said: "We are not only concerned here with misuse of public funds but with the conduct of public business and the kind of people the government is dealing with."

Earlier the board decided to consider sending a commissioner to California to take evidence from Lymburner.

McKenzie said today Lymburner has refused to appear before what he describes as a "mud-slinging committee."

McKenzie said over the weekend he contacted Lymburner who told him he would only appear before a royal commission.

Chairman Irvine Corbett said the board, reconstituted from the legislature's public accounts committee, should decide before Tuesday's hearing whether to send a commissioner to California.

The board has no power to force Lymburner to come to Canada.

Mon., April 1, 1963

REPORTER IN THE LEGISLATURE

By JACK CAHILL

'BATTERED BY A BILLION WORDS'

VICTORIA—At the end of a legislative session a reporter's brain is numb from its battering by a billion words, some wise and some worthless.

The laws that were enacted and policies adopted retreat somewhere towards the back of his memory and a quick recall of the events reveals mainly the little side issues and details nobody



bothered to write about much.

He remembers the quiet, monotonous drone of Gordon Dowding's voice reading affidavits and the tired redness they eventually caused in Phil Gagliardi's eyes.

The maiden speech on education by Pat McGeer bringing a new and higher dimension to the debates, and later the brilliance of Bob Bonner putting the new boy in his place when McGeer made some uninformed observations about Doukhobors.

At the height of the strong and organized attacks on the Vancouver press there was Premier Bennett's genuine roar of laughter at a note from Victoria Colonist reporter Terry Hammond.

The note read: "Colonist circulation department respectfully requests you don't forget us."

Somebody—I forget who—claimed no government in the history of the province has handed out more plums from the pork barrel than Social Credit; and Phil Gagliardi boasted the cabinet has given better leadership than any other cabinet in the province today.

Little Bug Feared

Gordon Gibson's crazy imitation budget advocating immediate borrowing of \$600 million so this generation can enjoy the bounties of B.C., and the way the idea got less and less crazy with contemplation.

There were the whispers of some NDP members who firmly believed the government had their caucus room bugged, and Ran Harding hushing the House by reading a newspaper clipping with the skill and art of Olivier.

Premier Bennett waving his arms wildly in the House, my friends, then claiming in a quiet corridor chat that politics is like a poker

game where the eventual winners make as much money as they can from their good hands and lose as little as possible when their cards are bad.

His enormous optimism as he quietly insists he is holding right now the best political poker hand he has ever held with the Peace and Columbia still his best pair.

Senseless ramblings by some backbenchers on both sides of the House...

The sad, white flowers on the empty desk after Socred backbencher Orr Newton died. The deep, confident voice of new member Margaret Hobbs, and the permanence and increasing dignity of ancient Ned de Beck, the clerk of the House.

Is It the People?

Finally there was the colossal contrast between Bob Strachan's angry blasts at the government in session and his boyish grin and friendly handshake with the premier the minute it was all over Wednesday.

These small, immediate memories are the first to tumble from a reporter's word-battered brain at the end of a legislative session.

They make him wonder if it's the people, rather than the policies, that make our Parliament important.

TUESDAY, APRIL 2, 1963

'Workers Donated For Phil's Church'

Gaglardi's Lawyer Tells Inquiry
Contractors Paid Men's Wages

By JACK CAHILL
Sun Victoria Bureau

VICTORIA—Highways Minister Phil Gaglardi's lawyer said today two workers paid for by contractors on Project 819 were "donated" for building Gaglardi's Kamloops church.

Angelo Branca, QC, counsel for Gaglardi and the highways department, said principals of Bonanza Construction, one of the companies involved in the controversial project 100 miles east of Kamloops, donated two workers to Calvary Temple.

The minister's brother, Anthony, was paid by the church as a construction foreman during the period in question. Branca told an inquiry board hearing allegations of graft revolving around Project 819.

'SENT TO BROTHER'

The pay cheques of Dominick Donatelli and Larry Jontz were paid by Bonanza and were sent to Anthony Gaglardi, who was living in the highways minister's house at the time, Branca said.

The matter first came to light Friday when Fred S. Bell, bookkeeper for Bonanza and other companies on Project 819, said cheques totalling about \$4,000 were sent to the minister's home in late 1957.

Bell testified Friday he had been ordered to place the names of two men on the construction job payroll, but that they had never worked on the job.

DIDN'T KNOW

Bell said he didn't know if they had been working on the church.

He said he mailed their pay cheques, totalling about \$4,000, to Phil Gaglardi's home in Kamloops, addressed to Anthony Gaglardi, who has been identified in evidence as the minister's brother.

Branca asked Bell Monday: "Is it not a fact that the two men worked on Calvary Temple in Kamloops?"

Bell replied that he had not seen them working there, but he recalled seeing a story to that effect in the newspapers.

Earlier in the hearing, Dan

Campbell (SC, Comox) indicated he believed there was nothing wrong with payment by contractors for work on the church.

He said many Vancouver firms loaned their employees to the Community Chest for charitable purposes and asked if this was improper practice.

Bell was on the witness stand throughout Monday and was continuing today.

He contradicted some earlier evidence given by Clyde Thornton, vice-president of Union Contractors, concerning payment of a \$6,700 mortgage for highways department employee V. L. Gresty.

The affidavit, which started the inquiry, says Phil Gaglardi asked that the mortgage be paid by the contractors and suggests he promised favors in return.

Thornton claimed in his testimony that Union Contractors paid the Gresty mortgage at a time when Union owed \$13,000 to a sub-contracting company in which Gresty was involved.

Bell said when the mortgage was paid, Gresty's company owed Union about \$25,000.

Probe Told Altered Bond Used by Contract Winner

VICTORIA (Staff)—A bonding agent Wednesday said an altered bid bond was used by the company that won the contract for Project 819.

Martin Rolfe, president of a Vancouver company representing the U.S. F and G Bonding Company, said the bond was issued to Galbraith Construction Co.

L and M Logging Co. won the \$1.75 million contract in 1957 for the project, which is now the main centre of inquiry at the investigation into allegations of highways department graft.

PHONE CALL

Rolfe said a few hours after bids on Project 819 were opened in Victoria, he got a phone call from then-deputy minister of highways Evan Jones.

Jones said the name on the bond had been changed from Galbraith Construction to L and M Logging Co., and he wanted to know if it would be honored, Rolfe said.

"I said we had not issued a bond in the names of L and M, and he spluttered over that for a while," Rolfe said.

He said he later received a phone call from Highways Minister Phil Gaglardi, who also wanted to know if the bid bond would be honored.

"I told him no. He sounded annoyed," said Rolfe.

COMPANY REFUSED

Rolfe said his company had refused to issue a bid bond to L and M prior to the time tenders were called on the road project.

He added that he had personal knowledge that no other company ever issued a bond to L and M.

He said the bond couldn't be called a forgery because the name was merely substituted and no attempt had been made to imitate anybody's writing.

The bid bond, he said, had been issued to Galbraith through a lawyer named Galbraith, for five per cent of a contract worth up to \$175,000.

WOMAN'S DENIAL

Previous evidence at the hearing revealed that L and M, which later changed its name to Union Contractors, eventually submitted a letter of credit to the department after the bid bond was rejected.

Mrs. Florence Gresty, of Kamloops, told the hearing



FLORENCE GRESTY
... "unfounded and untrue"

that allegations in the affidavit that caused the inquiry were totally unfounded and untrue.

Union president Dick Holzworth swore in the affidavit that Clyde Thornton, the company vice-president, told him that a Burton Lymburner, president of L and M, was paying \$350 a month to the organist at Gaglardi's church at Kamloops.

'CAN'T PLAY ORGAN'

He said he had been informed later that the organist was Mrs. Florence Gresty.

Mrs. Gresty testified that she could not play the organ, although her 18-year-old daughter began to play at the church several years after project 819 was completed.

She said she worked as a bookkeeper for Lymburner at Princeton about 10 years ago and was paid \$350 a month.

'SMEAR' SHOUT

Liberal leader Ray Perrault caused a furore when he asked Mrs. Gresty if she was a member of the Social Credit Party between 1957 and 1959 and suggested money might have been paid to her for political purposes.

Government members of the board shouted, "smear."

"It's indecent and I'm fed up," said Don Smith (SC-Victoria).

Chairman Irvine Corbett ruled the question out of order.

At one point in the proceedings Waldo Skillings (SC-Victoria) waved a copy of The Vancouver Sun with the head-

line: "Contractor Called Angel for Gaglardi."

He said he would like to bring the headline to the attention of the board because he would like to know who made the statement.

He then said he intended to call for or subpoena Sun publisher Donald Cromie, assistant publisher Larry Dampier, and managing editor Erwin Swangard to appear before the board at the earliest opportunity.

Said chairman Corbett: "There's another week shot."

Legislative law clerk Ian Horne was later instructed to contact the three Sun executives and ask them to appear Friday morning.

'WE DON'T APOLOGIZE TO ANYONE'—CORBETT

Probe Sun Editor at Highways

By JACK CAHILL
Sun Victoria Bureau

VICTORIA — Opposition leader Bob Strachan today asked the highways department inquiry board to apologize for wasting the time of Erwin Swangard, managing editor of The Sun.

He also suggested the board should apologize for wasting taxpayers' money by subpoenaing Swangard to appear at the hearing.

Board chairman Irvine Corbett (SC-Yale) said the board would not apologize to anyone.

Swangard appeared on the witness stand in response to a request Thursday for the subpoena by Walter Skillings, (SC-Victoria).

Swangard said he had no

personal knowledge of highways department contract \$19 which is under investigation by the board.

He said two Vancouver men, H. H. Gillespie and W. R. Myhill-Jones, volunteered affidavits to The Sun during a routine newspaper check of allegations tabled in the legislature.

He said he considered publication of the affidavits would be contempt of the legislature, so he sent them to the attorney-general with copies for the leaders of the Liberal and NDP parties.

"This was one of the times when you have to make up your mind to publish them or pass them on to the proper authorities," he said.

Swangard denied evidence given earlier at the hearing



ROBERT STRACHAN
...raps probers

by Gillespie that he gave The Sun his affidavit to prevent Sun reporters hounding his nervous wife.

He said only one reporter went to see Mrs. Gillespie on only one occasion at her West Vancouver home. Gillespie phoned The Sun later and volunteered to come to town and make an affidavit.

"His only complaint when he was signing the affidavit was that he bought lunch all around," Swangard said.

He said Gillespie had contacted him since he gave his evidence and apologized for using the word hounding.

John Farris, QC, representing The Sun, objected when Skillings asked Swangard who was responsible for headlines in the paper.

"This is not the right form

Health Minister Eric Martin: "We want to know if The Sun is in contempt."

Farris: "If that is so we should have been told of a charge."

Board counsel Lloyd McKenzie, QC, agreed the board was not considering any charge of contempt.

Referring to a Sun headline, Dan Campbell (SC-Co-mox) asked Swangard if he or any member of his organization had any evidence.

Gagardi was sent \$4,000 in cheques.

"We have no evidence to that effect," Swangard said.

In reply to Skillings, Swangard said The Sun would certainly print a re-

PROBE

Continued from Page 1

traction of wrong headlines if asked to.

Skillings ended one of the quietest periods in the entire hearing with the comment:

"At no time did I wish to embarrass The Sun, but I do not think The Sun is doing a true and honest job of reporting the proceedings."

Skillings had also asked that Sun publisher Donald Cromie and assistant publisher Larry Dampier be subpoenaed but chairman Corbett ruled Thursday they be called only if anything in Swangard's evidence warranted their appearance.

There was no suggestion at the end of Swangard's evidence that they would be called.

Skillings' complaint had been that a report in The Sun had linked Highways Minister Gagardi to the sponsorship of a program on a Kamloops radio station and that the word "angel" had been used in the headline. McKenzie said the article was an injustice and possibly libellous.

STORY 'ACCURATE'

But Thursday Farris showed the committee that the story was accurate according to the official transcript of the hearings and that the word "angel" was correctly used according to dictionary definition.

After hearing Farris, Leo Nimsick (NDP—Cranbrook) said the move to question the three Sun executives was a "witch hunt."

And another NDP member, Ran Harding (Kaslo-Slocan) added, "I think the reporting by and large has been exceptionally good."

Chairman Corbett made his ruling that of the three only Swangard should appear.

The board adjourned in disorder Thursday after a heated cross-examination of one board member by another.

RHODES ACCUSED

Skillings started the row by accusing James Rhodes (NDP—Delta) of earlier making a false statement to a witness.

He demanded Rhodes retract the statement and apologize. Skillings was in turn accused by opposition members of being a "smart aleck" and "doing a hatchet job on Rhodes."

The hearing was reduced to complete confusion with board members shouting abuse at each other and chairman Irvine Corbett calling hopelessly for order.

Skillings said Rhodes told Mrs. Florence Gresty Wednesday her name appeared as a director of Mid City Construction Co. at the company registry.

He said he had since checked the company registry and found her name did not appear.

Rhodes replied that if any mistakes had been made it was because the opposition members had not been allowed by Premier Bennett to include a lawyer in their ranks and he did not understand legal jargon.

APOLOGY OFFERED

After almost half an hour of wrangling and shouting, Rhodes said he would apologize if he had left a wrong impression with the committee or Mrs. Gresty.

Liberal leader Ray Perrault commented to Skillings: "There's just a little too much phoney righteousness around here."

Rhodes today withdrew his apology and asked Skillings to apologize to him.

He said he had rechecked the company registry files and had found no notice had been filed showing Mrs. Florence Gresty ceased to be a director of Mid-City Construction Company.

Rhodes said: "Yesterday we had three displays of mock indignation from Mr. Skillings, Mr. Branca, and Mr. Bate, accusing me of making false statements because I suggested to Mrs. Gresty that she was still legally registered as a director of Mid-City."

"In view of this I have now rechecked both the Companies Act and the company file and I find, as with the so-called unfair Sun headline about the angel, Mr. Skillings in his anxiety to raise a red herring, is completely wrong."

"If Mrs. Gresty holds that she is not a director, then knowingly or unknowingly she has committed two offences against the statute which carry penalties of \$10 to \$500."

Skillings refused to apologize to Rhodes.

The probe has been adjourned until Tuesday.

WEDNESDAY, APRIL 10, 1963

Probe Chairman Hints Contempt

Says Gagliardi Must Testify If Called by Graft Board

Sun Victoria Bureau

VICTORIA — Highways Minister Phil Gagliardi could be in contempt of the highways department inquiry board if he refuses to appear as a witness, chairman Irvine Corbett (SC—Yale) said today.

He made his comment outside the hearing room.

Corbett said: "If the minister is called as a witness, he will have to appear.

"If he doesn't appear when called, he can be held in contempt."

Angelo Branca, QC, representing Gagliardi and the highways department, told the hearing Tuesday he would recommend against an appearance by Gagliardi as a witness.

Gagliardi refused today to say whether or not he intends to appear.

'NO REASON'

On Tuesday Gagliardi told reporters he could see no reason why he should appear.

Corbett said today, "As far as I am concerned the minister will have to be treated the same as any other witness.

"As long as he is in B.C. he can be called.

"In my opinion, he will have to appear."

The hearing recessed this morning until 9:30 a.m. Thursday. As the session ended Gagliardi rose to his feet and appealed for an early conclusion of the investigation to prevent a waste of "millions of dollars" of public funds.

'SHOULD BE THERE'

The minister said his men are doing millions of dollars of work in the canyon. "And I should be up there with them," he said.

He added that there was work going on all over the province and his director of construction, Edwin Webster, and other officials should be on the job instead of tied up at the probe.

"It could cost millions of dollars because of lack of

supervision," the minister said.

He then asked how long it would be before he could get his men back on the job.

Chairman Corbett said: "I can't tell you. We have a job to do here."

MEN CHALLENGED

Board counsel Lloyd McKenzie said it was the highways department's men who were in the position of being challenged, and Gagliardi then sat down.

The committee plan now is to hear Glen Geery, former project manager of road job 819, near Revelstoke, which is being investigated following charges of misspending and other wrongdoings.

McKenzie was instructed to get in touch with Geery in Seattle, ask him to come to Victoria and question him to see whether he has evidence to offer.

Opposition Leader Bob Strachan and Liberal leader Ray Perrault both asked for time today to prepare questions in connection with a highways department file on Project 819 submitted as an exhibit Tuesday.

600 LETTERS

The file contains more than 600 letters. McKenzie told the board some of them require explanation by Gagliardi.

Waldo Skillings (SC-Victoria) objected to calling Geery and allowing time for study of the file.

"I for one want to get off the payroll," he said. "It's all very well for members to have a Roman holiday at public expense."

Strachan objected strenuously to Skillings' statement.

"I resent these almost-scurrilous remarks," he said.

The board's present plans are to hear Geery and possibly Gagliardi Thursday and sit through Thursday night if necessary to complete the hearing of evidence before Easter.

New Probe Charge Based on Letters

Gaglardi Accused of Shielding Contractor From Perjury Inquiry

VICTORIA (Staff) — Highways Minister Phil Gaglardi protected a contractor from a perjury charge proposed by his deputy minister, it was said here today.

Earlier he had issued a contract to the same man, Clyde Thornton, only a few hours before the provincial cabinet ruled against it, it was said.

Both allegations were made today to the legislative board inquiring into allegations of graft in the highways department.

They were based on letters found in a highways department file dealing with controversial Project 819, awarded to Thornton's company, Union Contractors Ltd.

READ BY MLA

The letters were quoted by Ran Harding (NDP-Kaslo-Slocan) in a prepared statement he read to the board on behalf of the opposition party members.

Harding said Gaglardi and other witnesses would have to explain these actions.

Harding strongly protested that the department file containing the new information had been withheld from the board until this week.

He said the information contained in the file of 650 letters meant another eight witnesses would have to be called or recalled.

Harding said that the opposition members of the board spent all Wednesday examining the new evidence.

"We were astonished and amazed that this information

did not (not) come out when witnesses were in the box," he said.

"It is difficult to understand why this relevant material has been withheld until this time," he added.

Harding said the file contained a letter from H. T. Miard (deputy highways minister) to the attorney-general's department.

In it Miard referred to an affidavit by Thornton that all his company's debts on the project had been paid. (Witnesses have told the inquiry that at this time it became known the company was in debt.)

AWARE OF DEBT

In his letter Miard said Thornton was aware of the debt and asked the attorney-general's department to probe a possible criminal offence.

Harding also read a letter from deputy attorney-general Gilbert Kennedy to J. V. Fisher, financial adviser to Premier Bennett.

In it Kennedy said he had discovered Gaglardi had given instructions to award a contract and "get the material off to Ottawa at once."

Kennedy's letter said this action was apparently in conflict with his understanding of the cabinet's decision in the matter (later the same day).

'MLA Threatened To Punch My Nose'

Socred Graft Probe Member Levels Charge at Dowding

By GEORGE DOBIE
Sun Victoria Bureau

VICTORIA—A Social Credit member of the highways board of inquiry charged Thursday he was intimidated by an NDP member of the legislature.

Dan Campbell (SC-Comox) told the inquiry Gordon Dowding (NDP - Burnaby) had twice issued threats against him.

Campbell said Dowding first threatened to punch him in the nose and later threatened to sue him because he had mentioned Dowding's name in the probe.

Campbell asked the committee to take the matter under advisement with committee counsel Lloyd McKenzie to decide if the threats constituted contempt of the committee.

Chairman Irvine Corbett (SC-Yale) promised to do so.

PREPARED STATEMENT

Campbell read this prepared statement, to the sound of guffaws from the four NDP members of the committee:

"Mr. Chairman, on March 29 as a result of comments made by me to be found in page 1,709, volume 20, of the transcript, Mr. Gordon Dowding, NDP member of the legislature for Burnaby, said:

"If you don't quit bringing my name into this case I will punch you in the nose."

"At that time I dismissed the threat thinking it was merely due to ill manners, ill temper or both by saying, 'You are not big enough.'"

"Since that time, Mr. Dowding has made an even more serious threat.

THREATENED TO SUE

"Yesterday (Wednesday) he threatened to sue me if I didn't shut up.

"After some reflection I feel that I can no longer be quiet about this deliberate intimidation of a member of the committee.

"I therefore ask you, Mr. Chairman, to take this matter under advisement with counsel to see if the above incidents are not a serious contempt of the committee."

It was Dowding who touched off the investigation by tabling in the legislature late in February a sworn affidavit by Montana contractor Dick Holzworth.

The affidavit alleged that L. and M. Logging Ltd. of Kamloops was paid \$135,000 extra on road project 819 near Revelstoke in 1957 before Union Contractors Ltd. took over and completed the job at a loss.

It also made charges of government favoritism involving Highways Minister Phil Gaglardi.

650 LETTERS

Dowding, a lawyer, has sat through the full six weeks of the hearings. He has sat immediately behind the four NDP members on the committee.

He rose after Campbell's statement and said: "What I was going to do was in Courtenay and had nothing to do with this hearing." He did not elaborate.

Dowding told The Sun outside the probe later he regarded the incident as just idle banter.

The committee spent most of Thursday re-examining two highways department officials regarding 650 department letters submitted to the inquiry Tuesday.

NDP's Randolph Harding (Kaslo-Slocan) charged the letters showed department officials had been "less than frank" in their earlier testimony.

'NOT JUSTIFIED'

He also charged they showed a "deep personal involvement" of the highways minister, and with other opposition members, protested they had not been introduced sooner.

After a day of cross-exam-

ining the two officials, department comptroller A. E. Rhodes and chief engineer Fred T. Brown, chairman Corbett said:

"The statement (by Harding) was not justified by the performance here today."

Corbett was not challenged and the committee adjourned to Tuesday.

Harding, in cross-examination, referred to a copy of a letter dated Oct. 14, 1960, from Deputy Highway Minister H. T. Miard to N. A. McDiarmid, a solicitor in the attorney-general's department.

It said contractor Clyde Thornton of Union may have committed perjury in an affidavit claiming his bills to sub-contractors had all been paid.

A handwritten notation said: "Honorable minister directs no action be taken at this time."

NO ACTION

This was the time when Gaglardi and Thornton had been accused of contempt of court after the government sent a cheque to the contractor while there was a court order restraining any payments until the sub-contractors were satisfied.

Rhodes said he discussed the matter of perjury charges with McDiarmid and reported to Gaglardi what McDiarmid had told him.

As a result, there was no action and in fact the original letter from Miard was never sent.

Rhodes said it was decided it was "not an opportune time" to take perjury action because the Supreme Court decision on the contempt was due.

It came in six days and Thornton was jailed six months and Gaglardi fined \$1,000.

Rhodes said the department wanted to go ahead but the attorney-general was against it.

TESTIMONY INTERRUPTED

Rhodes also said the attorney-general's department advised the highways department the court order did not restrain the government from sending money to Thornton.

Health Minister Eric Martin, one of eight Socred committee members suddenly interrupted the testimony:

"Am I correct in assuming Mr. Gaglardi should not have been held in contempt of court," he said.

"No court can say how a government should spend its money. This is something I have suspected all along. This is something which occurred which should not have occurred.

"In my opinion a colleague of mine was falsely accused and convicted of contempt of court. I highly resent what happened."

'AGAINST CABINET'

Harding also pointed to a letter dated June 17, 1957, from the deputy attorney-general Dr. Gilbert Kennedy to J. V. Fisher, then the government's economic advisor.

It suggested Gaglardi went against a cabinet decision in awarding the 819 contract to L and M.

The committee decided, however, that it would not call Kennedy to testify regarding the letter because cabinet decisions are privileged.

TUESDAY, APRIL 16, 1963

Gaglardi on Stand Denies He Aided Road Contractors

By JACK CAHILL
Sun Victoria Bureau

VICTORIA—Highways Minister Phil Gaglardi denied in the witness box at the highways department inquiry today he had ever interceded to help the contractors on Project 819.

He said contractors continually visit his office to try to obtain highways department jobs.

He realized he would put himself in a very difficult position if he ever swayed from his departmental policy of always awarding jobs to low bidders, he said.

Gaglardi went into the witness box after his counsel, Angelo Eranca, QC, claimed evidence at the five-week probe overwhelmingly and absolutely disproved the allegations under investigation.

"To show the contempt it has for the allegations made by a completely irresponsible man, this committee should not call the minister," Branca said.

The allegations were contained in an affidavit by Montana contractor Dick Holzworth.

He said contractors on Project 819 near Revelstoke were paid \$135,000 for work never done; that Gaglardi promised to "take care of" a contractor if he paid off a mortgage for a department employee, and that a woman claimed to be organist at Gaglardi's church

was paid \$350 a month by contractors.

Opposition Leader Bob Strachan claimed it was the responsibility of the chairman Irvine Corbett (S.C.-Yale) to call Gaglardi, but Corbett ruled he would follow previous procedure and call any witness requested by any board member.

Don Smith (S.C.-Victoria):

"It's obvious Mr. Strachan is trying to pass the buck. If you (Strachan) have got the guts to call him, do so."

Strachan replied:

"The chairman will not accept his responsibility and call Mr. Gaglardi, so I'll accept it for him."

In reply to questions by

Please Turn to Page Two
See: "Gaglardi"

Gaglardi Tells Road Probe He Didn't Aid Contractors

Continued from Page 1

board counsel Lloyd McKenzie, QC, Gaglardi said his friendship with Burton Lymburner, president of L. and M. Logging Company, which won the Project 819 contract, was merely casual.

He said he had no recollection of ever meeting Holzworth, but became quite well acquainted with Clyde Thornton after Thornton became interested in Project 819.

(Holzworth was president and Thornton vice-president of Union Contractors, which took over the project from L. and M.)

(Thornton testified earlier Lymburner remained with the Union company and was paid \$1,000 a month "to keep the doors greased to Victoria.")

NO KNOWLEDGE

Gaglardi testified he had no direct knowledge of the controversial opening of bids for the project, because he was in Ontario at the time.

He said he was informed by

department officials that every bid received, including L. and M.'s, satisfied the proper legal requirements.

He said he was later informed that the L. and M. bid was \$110,000 or \$115,000 below the second low bid, but that L. and M.'s bid bond was cancelled after the the bids were opened.

"I don't think we ever found out the reason," he said. "There was a lot of rumor, but the bond that came from the bonding house was made out for Project 819 and was for five per cent of the tender price. Therefore, it satisfied all the legal requirements."

NAME SUBSTITUTED

(A bonding expert, Martin Rolfe, testified earlier the bond was made out by his company for another firm interested in a smaller project and the name of L. and M. Logging Company was substituted on it.)

McKenzie asked: "It seems to me this was not literal adherence to the terms of the contract?"

Gaglardi: "No, I can't say I agree with that."

His opinion, he said, and the opinion of his department was that the bid bond accompanying the tender was a proper bid bond.

Then, at a later date, through some unexplainable means, it was cancelled, he said.

RUMORS

"There were rumors as to why it was cancelled," he said. "But at no time did we have any evidence that this was not a proper bid bond."

He said the only complaints concerning the tenders came from the Heavy Construction Association and L. and M. were the only bidders who were not members of the association.

"A member of the organization was the next bidder. They would have been fighting for one of their members and rightly so," Gaglardi said.

Asked by McKenzie if he had heard anything derogatory about L. and M., Gaglardi replied: "If I were to tell you all the contractors I've heard derogatory things about I would be here all day."

Gaglardi said he had taken the contract before his colleagues on the executive council to ask their opinions and denied he had ever acted in

conflict with any decisions made by the executive council in awarding the contract to L. and M.

Gaglardi took the stand after Glen Geery of Seattle, former construction manager on Project 819, failed to appear at the hearing.

McKenzie said Geery promised last week to appear today.

He tried to contact him in Seattle today, but failed, McKenzie said.

The hearing adjourned at noon until later today.

Payments for Church Work Above Board, Says Gaglardi

Sun Victoria Bureau

VICTORIA—Highways Minister Phil Gaglardi testified Tuesday it was completely above board for a highways contractor to pay two men to work on the church where he preached.

Gaglardi testified the men were among many volunteers who helped build a new church auditorium in 1957 or were sponsored by others to help with the work.

The minister told the 13-man provincial inquiry board his brother, Anthony, was the boss carpenter on the auditorium and six other church projects.

ARRANGEMENT

He said his brother, a building contractor, had an arrangement with the Workmen's Compensation Board to cover the men he hired for the work.

Gaglardi told the board he never asked Burton Lymburner of Bonanza Construc-

tion directly to contribute the two workers, Dominick Donatelli and Larry Jontz, and could only presume his pulpit appeals helped persuade Lymburner to send them.

He said normal procedure was for gifts of money to be

sent to the church and then be passed on to Anthony who would pay the workers' wages.

PAID BY FIRM

Gaglardi said that in regard to Jontz and Donatelli this arrangement was not followed because the men were employed by a firm that already had

an arrangement with the compensation board. He said the firm continued paying them itself.

Gaglardi said he did not know of the Bonanza situation until it was reported in the press in 1959.

Bonanza was the payroll firm on Project 819 near Revelstoke, the main subject of investigation at the six-week probe.

REPORT AWAITED

Previous witnesses testified the two men appeared on the Bonanza payroll for about six months but never worked on the road project. Bonanza bookkeeper Fred Bell testified he sent their pay cheques to Gaglardi's brother at the highway minister's Kamloops address.

Gaglardi was the final wit-

ness at the inquiry which has had sittings on 35 days and filled 35 thick volumes of transcript with almost half a million words.

The board inquiring into allegations of graft and corruption in the highways department will hear a summation by department counsel Angelo Branca, QC, today, then consider its findings in camera.

It is expected to make its report to cabinet later this week.

Gaglardi spent six hours in the witness box Tuesday calmly and consistently denying all allegations against him and his department.

Asked by board counsel Lloyd McKenzie, QC, if he inspired Bonanza to contribute the services of the two carpenters to the construction of the church auditorium, Gaglardi replied:

"Directly no. Indirectly I did, yes.

"Each Sunday I did make a statement from the pulpit asking anyone who wished to volunteer their services to do so and if they could not they could sponsor someone else.

"I must have made that statement every Sunday in church. I assume that had something to do with the action taken."

McKenzie: "Apart from your pulpit utterances you did not have any direct conversation with members of the contracting company which resulted in contributions?"

Gaglardi replied: "None whatever. I've never had sufficient time to do otherwise."

Gaglardi said he had no legal status whatever with Calvary Temple at Kamloops although he continued to act as pastor.

'NOT A PENNY'

"I have not received even a penny piece in the last 10½ years for my services to Calvary Temple, neither has my wife," he said.

In the course of questioning throughout the afternoon by McKenzie and board members, Gaglardi denied these allegations:

That he had ever promised Clyde Thornton, vice-president of Union Contractors, that his company would be well taken care of if he paid off a \$6,702 mortgage for highways department employee Vincent L. Gresty.

That any contractor sponsors his church radio program in Kamloops.

That he had defied a cabinet decision in awarding contract 819 to L and M Logging Co.

That the bond submitted by L and M failed to satisfy legal requirements because it had been altered and was recalled by the bonding company.

Gaglardi said he was not in the country when the contract was awarded to L and M and he had no knowledge at the time of an extension of time granted by the department to allow the company to obtain a proper bid bond.

"Legal requirements were met by the bid and the time extension was a discretionary matter well within the ambit of the department," he said.

REFUTES STRACHAN

Gaglardi denied point blank suggestions by Opposition Leader Bob Strachan that he was in Manitoba with L and M president Burton Lymburner at the time the contract was awarded.

Strachan produced a copy of a telegram addressed to Lymburner in care of Gaglardi at Brandon, Man., dated May 19, 1957, two days after the contract award.

Gaglardi said: "I have no knowledge of it. I never received it."

Toward the end of his evidence the highways minister launched into an impassioned speech.

He said 900 contracts have been called since he became minister and only five have caused any trouble.

None of the 900 contracts had ever been recalled, he said, and the department had never called on a bond.

The evidence ended with a crash characteristic of the entire hearing.

Board members argued angrily about whether board counsel McKenzie should be asked to make a summation of evidence in public after defence counsel Branca finished his summation today.

McKenzie said he did not want to place himself in the position of a judge, then told the committee:

"But you need guidance. If anybody needs guidance, you need it."

Gaglardi's Accuser Lies, Says Department Lawyer

By JACK CAHILL
Sun Victoria Bureau

VICTORIA—The lawyer for Highways Minister Phil Gaglardi today called the minister's accuser a liar and an irresponsible soldier-of-fortune. Angelo Branca, QC, counsel for Gaglardi and his department, used the phrase to describe Montana contractor Dick Holzworth.

Branca was summing up the evidence given at the six-week hearing into Holzworth's allegations of graft in the department.

"It was obvious," Branca said, "as soon as Holzworth completed his testimony at the hearing that the evidence he had to support his affidavit was a puffball that exploded."

"It is indeed regrettable," he added, "that an irresponsible man who lives in another country can come here and swear irresponsible statements, as Holzworth did, and cause men to be held up before the public when the evidence discloses they have done nothing wrong at all."

Holzworth's affidavit filed in the legislature Feb. 26 alleged contractors on Project 819, near Revelstoke, were paid \$135,000 for work never done; that Gaglardi promised to "take care of" a contractor if he paid a mortgage for a department employee; and that a contractor paid \$350 a month to a woman claimed to be organist at Gaglardi's Kamloops church.

Branca said there was so much innuendo at the hearing that his clients had been cornered into a position where they had to prove their innocence.

"This is indeed unique in British jurisprudence," he told the board. "It is unique, too, that you are 13 judges and my faith rests in your deliberations of the evidence given here."

"You are also 13 inquisitors," he added, "and I hope I do not do you an injustice when I say that. At times during the course of this six weeks it almost appeared you had drawn yourselves up according to your political beliefs."

"Forgive me for saying so,"

Branca said, "but it almost is as if you are seeking to make some political advantage."

IN CAMERA

Branca told the board members they have no alternative but to acquit the minister and his department of any wrongdoing if they approach the issues before them with open minds.

Branca suggested it would be wise to hold any future investigations of the nature of the probe in camera.

Referring to the specific evidence concerning alleged payment of \$350 a month to Mrs. Florence Gresty, described by Holzworth as organist at Gaglardi's church, Branca said:

"This evidence was completely out and totally unfounded and it dissipated when Holzworth was in the box."

UNPROVEN

Branca described Mrs. Gresty as a decent, honest woman whose character had been besmirched by Holzworth and said the evidence showed she could not even play the organ.

"The allegations were totally unproven," Branca said. "Holzworth is a plain and simple liar and if he is lying in relation to this, I ask you to conclude he has not told the truth in anything else either."

"To show you the extreme irresponsibility of this man," he continued, "if he wanted to be prudent in order not to assassinate her reputation, it would have been extremely simple for him to phone Mrs. Gresty at least before swearing to a lot of irresponsible hearsay."

"One simple phone call by this man had he wanted to be honest — by this soldier-of-fortune who swore the affida-

vit — would have been sufficient," he said.

Branca argued the evidence showed Gaglardi did not make the phone call to Clyde Thornton, vice-president of Union Contractors, asking him to pay off a \$6,702 mortgage for department employee Vincent Gresty, as alleged in the Holzworth affidavit.

"He said department comptroller Al Rhodes made the call to request a contractor to pay part of a debt owned to a sub-contractor."

WHAT IS WRONG?

It was an honest debt, paid in an honest way through the intercession of the highways department, he said.

"What is wrong with that?" he asked.

Referring to evidence that one of the contractors on Project 819 paid the wages of two men who worked on construction at Gaglardi's church, Branca asked:

"Can you see anything wrong with a company, and I don't care if it has a government contract or not, exercising the privilege of contributing manpower to help on the church?"

EXCELLENT JOB

Branca described all the highways department officials who appeared as witnesses as men of extremely high calibre, intelligence and integrity.

He said the evidence showed the final estimates on Project 819 were within two per cent of the actual earth and rock moved, and reminded the board that federal engineers described the completed project as an excellent job.

Branca said there were big increases in estimates 4 and 5 (on which Holzworth based his claim of a \$135,000 overpayment) because double shifts and more equipment were included.

THURSDAY, APRIL 18, 1963

Probe Board Told Of Judicial Duty

By JACK CAHILL
Sun Victoria Bureau

VICTORIA — Counsel for highways department inquiry board warned board members Wednesday they cannot mix their political and judicial functions.

Lloyd McKenzie, QC, issued his warning shortly before the board retired to consider the 500,000 words of evidence at the six-week probe.

The board, consisting of eight government and five opposition MLAs, is expected to make its decision on allegations of graft and corruption in the highways department within a few days.

It will then report its findings to the provincial cabinet.

McKenzie said the members could not escape from the fact they are engaged in a judicial function.

"And political and judicial functions do not mix," he

warned. "They are as fire and water."

McKenzie said a considerable amount of hearsay had got into the inquiry record but could not be considered evidence.

He complimented board members for adhering to a degree to the legal ground rules for a hearing of the type in which they were involved.

Then he suggested that the board should make its judgment more on the criminal court basis of proof beyond reasonable doubt than the civil court basis of balances of probabilities.

Earlier, Angelo Branca, QC, representing Highways Minister Gagliardi and his department, completed his summation of evidence with a plea for the vindication of the good names of Gagliardi and his department officials.

Phil 'Clean' Probe Finds

Minority Report Says His Links 'Dangerous'

By JACK CAHILL
Sun Victoria Bureau

VICTORIA — The highways department board of inquiry split Friday and issued two separate reports of findings on its probe of allegations of graft and corruption.

A majority report cleared Highways Minister Phil Gaglardi of impropriety or wrong-

ship with road contractors as "most undesirable and dangerous."

There was one big surprise in the issuance of the two reports.

Social Credit MLA Don Smith for Victoria joined four NDP members and one Liberal member of the board in the minority report.

doing in connection with highways department funds.

A minority report also exonerated the highways minister but described his relation-

'Probes Not MLAs' Work'

The six other Social Credit members of the board obviously needed the vote of Social Credit chairman Irvine Corbett to push the majority report through the committee.

The majority report, released by Premier Bennett Friday night, praised and commended Gaglardi and highways department officials.

The minority report strongly recommended that similar investigations should in future be by royal commission.

"The involvement of members of the legislature in such an inquiry is wrong in principle and impossible in performance," the minority report says.

Social Creditor Smith met with Liberal leader Ray Perrault and the NDP members in the NDP caucus rooms until late Friday night preparing the minority report.

He said afterwards his temporary defection from Social Credit ranks had no political significance.

Matter of Conscience

He helped prepare the minority report and signed it as a matter of conscience, he said.

Corbett delivered the majority report to Premier W. A. C. Bennett's home about 6 p.m. after the board deliberated on its report in camera for two days.

Bennett immediately cancelled a dinner engagement and called a press conference at 8 p.m. to release the report.

He told newsmen he telephoned other cabinet mem-

bers in Victoria before making the release.

This satisfied the section of the act setting up the inquiry which required the board to report its findings to cabinet, he said.

The board spent a stormy six weeks inquiring into allegations into an affidavit by Montana contractor Dick Holzworth.

AFFIDAVIT CLAIMS

The affidavit, filed in the legislature Feb. 26 by Gordon Dowding (NDP-Burnaby), essentially alleged that Mrs. Florence Gresty, claimed to be organist in Gaglardi's Kamloops church, was paid \$350 a month by Burton Lymburner, president of L and M Logging Co., original contractors on Project 819 near Revelstoke.

That two estimate sheets were altered so that the contractors on project 819 were paid a total of \$135,000 for work never done;

That Gaglardi promised in a phone call to Clyde Thornton, vice-president of Union Contractors which succeeded L and M on project 819, that his company would be "well taken care of" if Thornton paid off a \$6,702 mortgage for highways department employee Vincent L. Gresty.

'TIRELESS EFFORTS'

The majority report found all of these allegations false and added:

"The board would like to commend the Honorable P. A. Gaglardi, Minister of Highways; H. T. Maird, deputy minister of highways; Evan Jones, former deputy minister of highways; F. T. Brown, chief engineer; E. C. Webster, director of construction; A. E. Rhodes, departmental comptroller; E. H. Barclay, resident project engineer, for their conduct during the course of Project 819 and for their devotion to duty and their tireless efforts on behalf of the people of B.C., and their conduct during this inquiry."

ADVICE GIVEN

The report also commended board counsel Lloyd McKenzie, QC, and recommended legislation to prohibit hearsay evidence and provide for in-camera testimony at future hearings of a similar nature.

The minority report was sharply critical of some actions of the highways department, but concluded: "After studying the evidence provided, we agree there was no impropriety or wrongdoing on the part of the department of highway officials in respect to contract 819 and no misuse of public funds."

OTHER POINTS

The report: Criticized the department for giving discretionary consideration to L and M Logging Co. by granting it time to

obtain a valid bid bond after the bids were opened;

Seriously questioned the department's decision to accept another tender from the project 819 contractors in view of unfortunate experience with the earlier project;

Described the circumstances surrounding the alteration of an estimate sheet as "unusual."

Noted with concern that many sub-contractors and others suffered financial hardship and loss on project 819.

Recommended establishment of standards for government contractors, possibly a system of pre-qualification.

FAILED TO APPEAR

Regretted that two principal witnesses, Burton Lymburner and Glen Geery, failed to appear as witnesses.

Referring to the allegation that Gaglardi asked Thornton to pay off the Gresty mortgage, the minority report said:

"The department of highways did contact Mr. Thornton, with the result that a mortgage was paid in the sum of \$6,702.30, the mortgagor being Mid-City Construction Company, Mr. V. L. Gresty being one of the principal guarantors. Mr. Gresty was, at the time, mechanical superintendent with the highways department at Kamloops."

COMMISSION URGED

"The minister of highways was aware of the debt owing and discussed the matter with department officials. We are satisfied that there was no impropriety. This kind of relationship is, however, most undesirable and dangerous when it occurs in relation to government contracts."

"In view of our experience during the hearings," the report adds, "We strongly recommend that future investigations of this nature be by way of royal commission so that the inquiry can be completely impartial and judicial in its nature."

"The involvement of members of the legislature in such an inquiry is wrong in principle and impossible in performance."

ALPHABETICAL

Signatures on the minority report appeared in alphabetical order, not party groups.

Those signing were Randolph Harding (NDP-Kaslo-Slocan), Leo Nimsick (NDP-

Cranbrook), Liberal leader Ray Perrault, James Rhodes (NDP-Delta), J. Donald Smith (SC-Victoria) and Opposition Leader Robert Strachan.

The official report was signed only by Corbett (SC-Yale).

Other supporters of the official report were Health Minister Eric Martin, Tom Bate (SC-Point Grey), Jacob Huhn (SC-North Peace River), Don Brothers (SC-Rossland-Trail), Dan Campbell (SC-Comox) and Waldo Skillings (SC-Victoria).

Gaglardi and Staff Praised By Board Majority Report

Sun Victoria Bureau

VICTORIA—Full text of highways inquiry board majority report:

This is the report of the board set up to inquire into highways contract 819 pursuant to sections 2 and 3 of the act to provide for inquiry into highways contract 819.

This board was set up to inquire into allegations contained in an affidavit sworn by Mr. D. Holzworth, a copy of which is annexed hereto, on the 26th day of February, 1963, by the second member of the Legislative Assembly for the constituency of Burnaby.

This board held numerous meetings in the city of Victoria and summoned a number of witnesses and dealt with a number of letters, documents and several additional affidavits, and as a result of which hearings and investigations we wish to report to you as follows.

FALSE STATEMENTS

The board finds that the allegations respecting Mrs. Florence Gresty, and contained in paragraph 1 of the Holzworth affidavit, are false, and the board wishes to express regret for the inconvenience and embarrassment that this has caused Mrs. Gresty.

The board finds that the following allegations contained in paragraph 2 of the Holzworth affidavit, are false:

(A) That Phil Gaglardi phoned Clyde Thornton to pay off the Mid-City mortgage (referred to in the affidavit as the Gresty mortgage).

'NO FAVORS'

(B) That Union Contractors would be well taken care of if they paid off the so-called Gresty mortgage; and the board further finds that no favors or privileges were in fact given by the department of highways to Union Contractors or any of the principals thereof.

The board finds that estimate No. 5, referred to in paragraph 3 of the Holzworth affidavit, was in fact, altered to the extent of approximately \$35,000 by an official of the department of highways, and that this was done under normal procedures of the department of highways as a result of the reclassification of materials moved during the course of the contract, and the board further finds that there was no impropriety on behalf of any of the officials of the department of highways in connection with the said alterations.



IRVINE CORBETT
... signs report

ways; T. Mard, deputy minister of highways; E. Jones, former deputy minister of highways; F. Brown, chief engineer; A. E. Webster, director of construction; A. Rhodes, departmental comptroller; E. Barclay, resident project engineer, for their conduct during the course of project 819, and for their devotion to duty and their tireless efforts on behalf of the people of British Columbia, and their conduct during this inquiry.

The members of the board wish to comment on the excellent manner in which the

counsel for the board, Mr. Lloyd G. McKenzie, QC, handled the inquiry on behalf of the board.

The board would like to submit a further comment concerning royal commissions, inquiry boards and boards of like nature, to be held within the province of British Columbia, with respect to any future inquiries or investigations. The board specifically suggests to the government that legislation be introduced regarding such inquiries or investigations which include the following concepts:

1. Establish the right against self-discrimination.
2. Prohibit hearsay evidence.
3. Establish beyond argument the right of witnesses to have counsel.

48 HOURS' NOTICE

4. Provide persons likely to be affected with reasonable notice of the identity of witnesses and a summary of the nature of their evidence.

5. Allow at least 48 hours' notice to persons summoned to testify.

6. Provide for hearing in camera testimony likely to be defamatory and for simultaneous release of the rebuttal, if any, with defamatory testimony.

Signed Irvine Corbett, chairman.

WOULD HAVE SIGNED

The board further finds that Mr. E. Barclay did not refuse to sign estimate No. 5, but would, in fact, have signed it if the director of construction had asked him to do so, and did, in fact, sign estimate No. 6 which included the amendments made to estimate No. 5.

The board finds that estimate No. 4, referred to in paragraph 4 of the Holzworth affidavit, was in fact, approximately \$100,000 higher than estimate No. 3 or estimate No. 5, and the departmental officials concerned explained to the complete satisfaction of the board that this was the result of normal pickup and remeasurement of quantities moved in the regular course of the contract, but primarily because of the increased capability on the job due to additional equipment for the movement of materials during the month of October.

ENOUGH MEN

The board also finds that the allegations contained in paragraph 4 of the Holzworth affidavit concerning the insufficiency of the payroll and inadequacy of the equipment, are false, and the board finds that there was sufficient men and equipment on the said job to have performed the work as set out in estimate No. 4, over and above the amounts due to normal pickup and remeasurement.

The board finds with respect to paragraph 5 of the Holzworth affidavit, that the payments for the work on estimate No. 4 and estimate No. 5 were paid to L. and M. Logging Company for the work actually done by them, and that Union Contractors have no claim on any money so paid.

The board would like to commend the Honorable P. A. Gaglardi, minister of high-

6 Dissenters Say Contract Should Have Been Rejected

Sun Victoria Bureau

VICTORIA — Full text of statement released by six dissenting members of the highways department inquiry board:

In reviewing the evidence submitted to us, we, the undersigned members of the committee, find as follows:

1. We regret that Mrs. Florence Gresty was caused unnecessary anxiety and distress because she was falsely accused in the Holzworth affidavit.

2. Failure of L and M Logging to supply satisfactory proof of financial responsibility at the time of the opening of tenders or immediately thereafter should have been adequate warning to the department of highways to reject them as contractors on Project 819.

The discretionary consideration given by the department with respect to extending the time involved in obtaining a valid bond or its equivalent was the prelude to the serious difficulties on this project.

DECISION QUESTIONED

3. In view of the unfortunate experience during the completion of Project 819, we seriously question the decision of the department in accepting a tender submitted by the same principals with respect to Project 1023.

4. Because the resident engineer's log book is designed to give an accurate, overall picture of the progress of the job, we regret the fact that destruction of the Project 819 log book hampered the investigation.

The log book forms the basis for resolving any dispute and disagreements that may arise concerning contract work.

We recommend that the resident engineer's log book should become part of the de-



RANDOLPH HARDING
...with dissenters

partment's official permanent records at the completion of each project.

PRECEDENT SET

5. The circumstances surrounding the alteration of estimate sheet Number 5 set a precedent and were unusual.

6. We note with concern that numerous sub-contractors and others suffered financial hardship and loss on Project 819. We are of the opinion that in the granting of highways department contracts, the principals receiving such contracts should be:

(A) Of such experience and competence in highway construction work that they can perform the contract satisfactorily, and

(B) That they shall be of proven financial responsibility.

We recommend that the government should consider establishment of certain standards, perhaps by way of pre-qualification, which would prevent a repetition of the unfortunate

financial hardship and loss which occurred with respect to this contract.

7. The Department of highways did contact Mr. Thornton, with the result that a mortgage was paid in the sum of \$6,792.30, the mortgagee being Mid-City Construction Company. Mr. V. L. Gresty, being one of the principal guarantors, Mr. Gresty was, at the time, mechanical superintendent with the highways department at Kamiboga.

AWARE OF DEBT

The minister of highways was aware of the debt owing and discussed the matter with department officials. We are satisfied that there was no impropriety. This kind of relationship is, however, most undesirable and dangerous when it occurs in relation to government contracts.

8. In view of our experience during the hearings, we strongly recommend that future investigations of this nature be by way of royal commission so that the inquiry can be completely impartial and judicial in its nature. The involvement of members of the legislature in such an inquiry is wrong in principle and impossible in performance.

9. We regret that two principal witnesses, Burton Lowburner and Glen Geary were requested to appear but failed to do so.

Conclusion:

After studying the evidence provided, we agree there was no impropriety of wrong-doing on the part of the department of highways officials in respect to contract 819 and no misuse of public funds.

Signed: Randolph Harding, MLA, Leo T. Nimmo, MLA, R. J. Perrault, MLA, James H. Rhodes, MLA, J. Donald Smith, MLA, Robert M. Strachan, MLA.

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'NO FAVORS'

(B) That Union Contractors would be well taken care of if they paid off the so-called Gresty mortgage; and the board further finds that no favors or privileges were in fact given by the department of highways to Union Contractors or any of the principals thereof.

The board finds that estimate No. 5, referred to in paragraph 3 of the Holzworth affidavit, was in fact, altered to the extent of approximately \$35,000 by an official of the department of highways, and that this was done under normal procedures of the department of highways as a result of the reclassification of materials moved during the course of the contract, and the board further finds that there was no impropriety on behalf of any of the officials of the department of highways in connection with the said alterations.



IRVINE CORBETT
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Signed Irvine Corbett, chairman.

WOULD HAVE SIGNED

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The discretionary consideration given by the department with respect to extending the time involved in obtaining a valid bond or its equivalent was the prelude to the serious difficulties on this project.

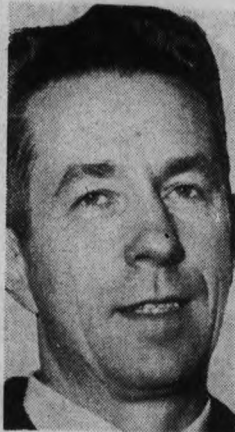
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The log book forms the basis for resolving any dispute and disagreements that may arise concerning contract work.

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RANDOLPH HARDING
... with dissenters

partment's official permanent records at the completion of each project.

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(A) Of such experience and competence in highway construction work that they can perform the contract satisfactorily, and

(B) That they shall be of proven financial responsibility.

We recommend that the government should consider establishment of certain standards, perhaps by way of pre-qualification, which would prevent a repetition of the unfortunate

financial hardship and loss which occurred with respect to this contract.

7. The Department of highways did contact Mr. Thornton, with the result that a mortgage was paid in the sum of \$6,702.30, the mortgager being Mid-City Construction Company, Mr. V. L. Gresty being one of the principal guarantors. Mr. Gresty was, at the time, mechanical superintendent with the highways department at Kamloops.

AWARE OF DEBT

The minister of highways was aware of the debt owing and discussed the matter with department officials. We are satisfied that there was no impropriety. This kind of relationship is, however, most undesirable and dangerous when it occurs in relation to government contracts.

8. In view of our experience during the hearings, we strongly recommend that future investigations of this nature be by way of royal commission so that the inquiry can be completely impartial and judicial in its nature. The involvement of members of the legislature in such an inquiry is wrong in principle and impossible in performance.

9. We regret that two principal witnesses, Burton Lymburner and Glen Geery were requested to appear but failed to do so.

Conclusion:

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Signed: Randolph Harding MLA, Leo T. Nimsick MLA, R. J. Perrault MLA, James H. Rhodes MLA, J. Donald Smith MLA, Robert M. Strachan MLA.

A P R

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MONDAY, APRIL 1, 1963

Lymburner won't return to testify

Burton Lymburner, a key witness in the B.C. highways department graft investigation, will not return to Canada to testify, provincial public accounts committee counsel Lloyd McKenzie said Sunday.

McKenzie said he had received a call from Lymburner, now living in West Covina, Calif., saying he would not come to Victoria to testify unless the investigation is changed to a royal commission under a supreme court judge.

"I am surprised that Lymburner has decided not to testify in these proceedings," McKenzie said.

"He is very much involved in contract 891, focal point of the controversy."

Lymburner, formerly of Kamloops, was president of L and M Logging Limited which held a contract on Trans-Canada Highway project 819, near Revelstoke, in 1958.

It is on this contract that charges have been laid that \$135,000 too much was paid.

Four other companies are involved in the inquiry.

TUESDAY, APRIL 2, 1963

Victoria comment



Martin raises election date

By PADDY SHERMAN

VICTORIA — If Premier Bennett had been looking for some reason to take the highways department probe out of the hands of the public accounts committee, Monday morning's session would have given him food for thought.

Although the 13 MLAs are a little freer to concentrate on the hearings now that the Legislature has risen, tempers seemed far more frayed than usual.

At last a committee member said publicly that the federal election may have some direct connection with the performance at the hearings.

Waldo Skillings (S.C., Victoria) asked what a certain line of NDP questioning had to do with misuse of public funds. This prompted Health Minister Martin to say acidly: "They are just trying to string it out until April 8."

A logical other side to that remark could be that Martin and his cabinet colleagues want the whole thing finished before April 8.

The atmosphere got rather touchy almost right from the start. Committee counsel Lloyd McKenzie told the committee that star witness Burton Lyburner wouldn't appear "before this mud-slinging committee," to use Lyburner's words.

Hearsay problem for witness

Witness Fred S. Bell told the committee the reason he was being very careful was that "you have already tried several people here by inference."

And after one long series of arguments, McKenzie told the members rather sadly that it was a very unusual situation when committee members persisted in trying to bring out hearsay although the committee had ruled against it. "It's just exhausting," he said.

Hearsay was clearly defined by McKenzie. He could tell all sorts of people that he was an intimate friend of the royal family, he said. And all these people could testify that he made this claim. But all their testimony would not prove that his original claim

of royal friendship was true.

And the general public cannot differentiate exactly between the different types of claim, he said.

This was the problem with Bell. He told the committee he had built up a great deal of knowledge on the subject matter of the hearing—Trans-Canada Highway Project 819. But he had trouble recalling what he knew of his own knowledge, and what others had told him.

So when the NDP bore in with questions about a certain meeting he replied: "I don't think that a discussion I was witness to concerning private individuals, and which is hearsay on my part, I don't think (such questions) should be answered here by myself."

Strachan calls it closure

Angelo Branca, defending the highways department, pointed out icily that the committee's powers had been spelled out in a bill, "and I think we had better start keeping to it."

This prompted Opposition Leader Strachan to protest that he "absolutely refused to accept this closure that is being attempted here."

Chairman Irvine Corbett (S.C., Yale) retorted that this wasn't closure, and that Strachan would do what the committee decided. But the climax came when Randolph Harding (NDP, Kaslo-Slocan) suggested the Social Credit majority was doing a good job of stopping evidence from coming in.

The chairman angrily re-

plied: "You people (the NDP) asked for a royal commission. We are trying to keep this as close as possible."

At this there were loud guffaws from NDP and spectators alike. Above the noise could be heard James Rhodes (NDP, Delta) asking: "Who are you trying to kid?"

By the end of the morning session it was clear that little useful had been achieved in the investigation but those who considered the committee an inadequate forum felt more convinced than ever.

Tuesday, April 2, 1963

Project men get paid for work on church

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—Two men employed by a Trans-Canada highway project company were paid \$4,000 to work on Highways Minister Gaglardi's church, the public accounts committee was told Monday.

The information came through Angelo Branca, counsel for Gaglardi and the highways department in the legislative graft hearings.

Branca was questioning Fred S. Bell, accountant in the construction companies involved, who testified he sent pay cheques totalling about \$4,000 to the home address of Gaglardi. They did not go to Gaglardi personally.

The cheques were made out to Dominic Donatelli and Larry Jontz.

Branca asked Bell Monday if he didn't know the two men worked on Calvary Temple, Kamloops. This is Gaglardi's charge.

Bell said he had no personal knowledge. But he agreed that he read about it in the newspapers some years ago.

He agreed with Branco too that the arrangement made no difference to the contract price, since the contractor was paid by the unit of material moved, not by the number of men employed.

Bell was questioned at length about the role of Vincent L. Gresty, then mechanical superintendent for the highways department, in negotiating sub-contracts on project 819 near Revelstoke in 1958.

He said Gresty took an active part. During this questioning, Donald Brothers (S.C., Rossland-Trail) said this, if proved, might be a separate offence or wrong, but it was outside present terms of reference.

Earlier, as opposition leader Strachan was questioning, Dan Campbell (S.C., Comox) said: "When you can't find something wrong with 819, you have to go somewhere else."

Strachan replied: "I think there's been enough shown to be wrong with 819 that you had better be quiet."

Chairman Irvine Corbett (S.C., Yale) said: "We haven't found anything definitely wrong as far as . . . " He

didn't finish the sentence.

Bell takes the stand again today.

The committee is also expected to decide today what to do about Burton Lymburner, who has been called the key witness in the hearings. He is now living in California, and said he wouldn't appear unless the hearing was before a Royal Commission.

Some members suggested he could give evidence on oath to a judge or attorney in California.

Commission counsel Lloyd G. McKenzie said this would mean Lymburner would be questioned by someone unfamiliar with the case.

He said that if Lymburner was willing to come to Seattle, perhaps he could go there himself and question him.

Chairman Corbett said there should be no snap decision on this, and put the matter over to today.

Lymburner was president of L and M Logging Co., which was awarded the contract for 819. It has been alleged he was paid to "grease the door" between the contracting company and Gaglardi.

WEDNESDAY, APRIL 3, 1963

\$6,702 debt payoff not wrong, say three

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—Three witnesses told the public accounts committee they knew of nothing improper in the way a Trans-Canada highway contractor paid off a \$6,702 mortgage.

There had been earlier testi-

mony that the mortgage was paid off after a "mystery telephone call" from Victoria and that the contractor was supposed to be well taken care of by the highways department for paying the mortgage.

The committee is investigating allegations of graft on

TCH Project 819 near Revelstoke in 1957-58.

Tuesday's witnesses were Herbert H. Gillespie of West Vancouver, who lent the money in the first place; his accountant, William R. Myhill-Jones; and highways comptroller A. E. Rhodes.

Rhodes said he received a letter from Myhill-Jones saying that Mid-City Construction and Vincent L. Gresty owed Gillespie money in mortgage payments.

As a result he telephoned Clyde W. Thornton, vice-president of Union Contractors, the prime contractor on 819.

He said it was normal routine in such complaints to let the contractor know. Such calls were made every week by the department. In this case, he then filed the complaint and then forgot it.

Rhodes said he knew that at the time Gresty was employed by the department. Several times, including once at Gaglardi's request, he checked to see if Gresty had any interest in Mid-City and found nothing.

Myhill-Jones said he knew when he recommended the loan to Mid-City, that the security for it was Gresty. Gresty took part in the negotiations.

Committee counsel Lloyd G. McKenzie said there was an abundance of evidence that Gresty was involved in Mid-City affairs.

Myhill-Jones said he phoned Gaglardi three times to push payment of the debt by Union on behalf of Mid-City.

He said he was a little amazed that the minister gave him the time but said there was definitely no impropriety on Gaglardi's part.

He said he swore out an affidavit because a reporter had asked a lot of questions and he wanted to "restrict any journalistic speculation."

Gillespie testified he originally lent \$7,500 to Mid-City and co-signers in return for \$9,000 and six per cent interest.

Shortly after Gaglardi telephoned back to say the matter was being looked after, Gillespie said, Thornton called to say Union would pay the debt.

I said to him, "What Christmas tree did you fall from?"

Angelo Branco, for the minister and the department, asked: "There's nothing dishonest about this deal?"

Gillespie replied: "Nobody knows that better than me."

When Branca asked his motive in swearing an affidavit, he said reporters were "hounding" his wife, from whom he was separated. She telephoned him in tears, he said, and he told her to "send the suckers to see me."

Branca: "They hounded you until you had to give a statement?" Gillespie: "Yes." He added that reporters came around in 'droves.' He said they were from the Sun and he didn't know if the Province was represented.

The committee today is expected to hear Mrs. Florence Gresty of Kamloops, who was alleged to have been paid \$250 a month as organist at Gaglardi's church by the contractors; and Basil Rolph who will describe bonding procedure.

Gresty is expected to appear later this week.

Woman denies receiving contractor's money

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA — Mrs. Florence Gresty, alleged to have received \$350 a month from a highway contractor for being organist in Highways Minister Gaglardi's Kamloops church, swore Wednesday the charge was "absolutely unfounded."

The allegation was made in an affidavit from Dick Holzworth, U.S. contractor, which led to the public accounts committee probe into Trans-Canada Highway project 819 near Revelstoke.

Mrs. Gresty told the committee Wednesday: "I never met Mr. Holzworth. I do not play the organ, and I never received any money . . . from anyone at all for playing the organ."

Publisher called

In addition the committee on Wednesday:

- Decided to call Sun Publisher Donald Cromie, his assistant Lawrence Dampier and Managing Editor Erwin Swangard before it Friday.

- Got involved in a furious argument about whether Mrs. Gresty should be asked about her political affiliations.

- Heard from bonding expert M. Basil Rolfe that the bid bond used by L. and M. Construction in applying for the original 819 contract was made out to someone else, and was not valid.

- And was told there is still a chance that key witness Burton Lymburner may return from the U.S. to testify. He had earlier refused.

Mrs. Gresty said she and her husband had known Mr. and Mrs. Lymburner for about 10 years. From about July 1953 to May 1954 she was bookkeeper for Lymburner when he was president of Mayburn spruce sawmill at Princeton. She was paid \$350 a month, but had received nothing since.

She said she and her family are members of Gaglardi's church, Calvary Temple. Her daughter, Gloria, now 18, had been playing the organ for 2½ years, she said.

(The affidavit referred to the period 1957-58).

In collection

Mrs. Gresty said her daughter was not paid. She might get \$5 for playing at a wedding or funeral, but would probably put it in the following week's collection.

Asked if she was a friend of the minister she replied: "Well, in the same basis as everyone else in our church would be. . . I would say the minister has no personal friends."

She changed this to "intimate friends." Asked to explain, she said the committee might find it difficult to understand.

"To us he is not the minister of highways. He is our pastor, and we see him in quite a different light to all you down here. He treats us all the same."

Asked about previous testimony about a \$60 cheque endorsed by her in the books of Bonanza Construction Co., one of the complex of companies involved, she said it didn't refer to her travelling expenses.

Several times, she said, officials of the company would come into town after the banks closed, and she cashed cheques for them.

Mrs. Gresty was questioned at length about the role of her husband, Vincent, in the project while he was mechanical superintendent for the department of highways.

Bought equipment

She said he and Harvey Campbell planned to go into business together in 1956, and bought some equipment on the strength of Gresty's promissory notes. But when Campbell (president of Mid-City Construction Co.) began work on project 819, her husband had to withdraw from the association.

He could not withdraw from his financial responsibility on the equipment purchase, however, she said. Any work he did in relation to Mid-City was to keep it solvent to keep paying off the money on his notes.

Mrs. Gresty said her husband lost between \$7,000 and \$8,000. James Rhodes (NDP, Delta) said Mr. and Mrs. Gresty were still shown as directors of Mid-City in the company's office here.

The witness said the office was told about this four years ago and there must have been a filing error.

Here Liberal Leader Ray Perrault asked if she held any positions earlier in the Social Credit League, and touched off a barrage of objections.

He said there might be some question that money allegedly paid to Mrs. Gresty was for political reasons, and there was nothing sinful in that.

Chairman Irvine Corbett (S.C., Yale) said there were no payments in the first place.

Donald Smith (S.C., Victoria) said this was a continuation of attempts to smear witnesses. "If they can't get any evidence, they smear them," he said, referring to Opposition MLAs.

Respect needed

"They should have some sense of responsibility and respect for human rights. They are not giving these people a chance. I think it is indecent for this sort of thing to continue."

Perrault accused him of political grandstanding, and said his question was made in all sincerity because there might be misunderstanding.

Health Minister Martin said: "It's her business, not yours or this committee's."

Mrs. Gresty told Angelo

Branca, counsel for Gaglardi and the highways department, that she had challenged Holzworth to make his allegations where he didn't have immunity, but so far he hasn't dared to.

Martin: "And never will knowing him."

As she left the stand, Waldo Skillings (S.C.—Victoria) stood and waved a copy of the front page of Monday's Sun. In huge headlines it said: "Contractor Called Angel for Gaglardi."

Skillings said he would like to know "who in this inquiry made such a statement as that."

He said that two witnesses mentioned the Sun Tuesday. (They both referred to preparing affidavits after reporters visited them. One said the reporters "hounded" his wife.)

Personal interest

It was, therefore, his intention to issue requests for subpoenas for Cromie, Dampier and Swangard, he said. He said Swangard took a personal interest in the hearings, and had filed certain affidavits.

As Skillings made his request, Chairman Corbett said: "That's another weak shot."

M. Basil Rolfe, president of Leslie Wright and Rolfe, Vancouver, said that L and M Logging did approach his firm about a bond in connection with a small job but was refused.

This was about three weeks before tenders were opened on 819, he said.

He said he knew that nobody in the bonding business issued a bond to L and M.

But under questioning he said he issued a bid bond for a construction company involving solicitor H. W. Galbraith of Vernon.

He said his company had previously checked Galbraith

and decided it would issue a bid bond up to five per cent of a \$400,000 contract.

On the day the 819 tenders were returnable in Victoria, he said, Galbraith came in and said he had a tender closing at noon in Victoria. Galbraith wrote the figure \$175,000 down and said it was for highway reconstruction near Taft.

Issued bond

Rolfe said he issued a bond rather hurriedly, as it was well within the limit set for Galbraith.

He had never seen the bond since.

Later he received a call from former deputy highways minister Evan Jones who said he had a bond in the name of L and M.

"I told him we had not issued one to L and M," Rolfe went on. Jones then said it was in the name of Galbraith to the effect that in his opinion the bond was a legal document.

The Galbraith bond was for five per cent of \$175,000, although no figures appeared on it. The contract for 819 was about \$1,750,000, Rolfe said.

Rolfe said he told Jones the document was not a bond, but it was not a forgery. It was merely an attempted assignment, which he didn't agree with.

Talked to Gaglardi

The witness said he at one stage talked to Gaglardi, who seemed to be under the impression L and M had a bond. When told there was no bond, he said, Gaglardi sounded annoyed.

Opposition Leader Strachan commented: "We have established the fact that there was no acceptable bond with the L and M bid."

Committee counsel Lloyd McKenzie said it seemed that Galbraith had tried to put forward a bond that was not a valid instrument.

Randolph Harding (NDP, Kaslo-Slocan) said the department gave the contract to a company that didn't make a proper bid.

But Branca interjected that before that happened, something else was done. "Let's not give the newspapers wrong headlines again."

(Earlier testimony was that a letter of credit was put up on the contract.)

Before the committee rose, McKenzie said he had another long talk with Lymburner. He found he was a Canadian citizen, not an American.

"I told him that a number of statements had been attributed to him and the only person who could prove their truth or falsity was himself. Without his being here, there are a number of serious questions unanswered."

McKenzie said Lymburner said he might come if asked by the attorney-general. The deputy attorney-general immediately sent him a telegram inviting him to come, but so far there was no answer.

Organist payoff charge false, probe is told

Mrs. Florence Gresty, alleged to have received \$350 a month from a highway contractor for being organist in Highways Minister Gaglardi's Kamloops church, swore before the public accounts committee the charge was "absolutely unfounded."

'Hatchet job' charge hurled in road probe

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—One MLA accused another of deliberately making a false statement and a third was charged with doing a hatchet job as the public accounts committee turned into a wrangle again Thursday.

Waldo Skillings (S.C., Victoria) was the storm centre as the committee continued its investigation of Trans-Canada Highway Project 819 near Revelstoke.

He said James Rhodes (NDP, Delta) had told witness Mrs. Florence Gresty Wednesday that as of Tuesday she was still listed as a director of Mid-City Construction Co. according to the registrar of companies report. Mrs. Gresty denied it.

Skillings produced a document showing that on Dec. 31, 1958, the company's last annual report did not list her a director.

Rhodes said the file contained no notice removing her from the list.

Lawyer Ian Horne said that at the time no such notice was needed. It was enough merely to change the names in the annual report. This was done.

After angry argument, in which Opposition Leader Strachan accused Skillings of doing a hatchet job on Rhodes, the Delta member apologized for unknowingly giving the wrong impression. He said it was done in good faith.

Tom Bate (S.C., Point Grey) who earlier referred to "deliberately false statements," said he didn't think the statement was made in good faith.

Liberal Leader Ray Perrault told Bate: "There's just a little too much phoney righteousness."

Another argument took up the early afternoon—mainly about newspaper headlines.

Skillings had asked for subpoenas to Donald Cromie, publisher of the Sun, assistant publisher Lawrence Dampier, and managing editor Erwin Swangard.

When he asked for them Wednesday, he referred to a Sun headline. Lawyer John Farris appeared for the Sun Thursday and argued that the story and headline were correct.

He said Swangard was the man to be called. The others had no personal knowledge of 819, though they would appear if still wanted.

Randolph Harding (NDP, Kaslo-Slocan) objected to bringing newspapermen into the hearing. He said there had been a number of misleading headlines and broadcasts, but the reporting by and large had been exceptionally good.

Leo Nimsick (NDP, Cranbrook) said it was becoming nothing but a witch hunt. Skillings suggested that Gordon Dowding, NDP lawyer, MLA for Burnaby, who has attended most hearings, was witch hunting.

Skillings said he was not backing down one iota "because they hire an expensive lawyer to come across here."

He said, however, that he agreed with the committee's final decision. This was that Swangard should be interviewed at 9 a.m. today by committee counsel Lloyd G. McKenzie. Then McKenzie could tell the committee whether Swangard had any worthwhile information.

Skillings said he would like to ask his questions about affidavits filed by the Sun.

Earlier, the provincial director of highway construction, E. C. Webster, was recalled to the witness stand to read two letters he wrote in early 1958 to the contractors working on Project 819.

Webster's letters were found in the files of L and M Logging Company and turned over to the inquiry by Dowding.

A letter to Burton Lymburner, president of L and M, dated March 18, 1958, stated that all work had ceased on the project.

"Apparently the equipment supplied by L and M Logging is in such a state that it is unable to haul the grid roller, therefore the operations must shut down," the letter said.

"This contract has given us undue concern from the outset, for reasons which we do not feel we should be subjected to, viz lack of adequate equipment, lack of superintendence and proper direction . . .

"We have recently been advised by the federal authorities that remedial measures must be taken to ensure them that the work is to be carried out in an efficient and workmanlike manner, otherwise they will be unable to recommend further participation by Canada in the work."

The second letter, dated April 15, 1958, was to Glen Geery, general manager of L and M. It asked why there had been no reply.

Too much politics injected into road probe, says counsel

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—A member of the public accounts committee said Friday that of its 4½ hour daily session, members spend 3½ hours "fighting among ourselves." The comment came from J. Donald Smith (S.C., Victoria).

Later committee counsel Lloyd G. McKenzie said members had complained about legal jargon but "if I may say so, there's been too much political jargon."

FOURTH WEEK

The hearing into alleged graft on Trans-Canada Highway Project 819 near Revelstoke ended its fourth full week Friday.

It resumes Tuesday when Vincent L. Gresty takes the stand, possibly followed by Highways Minister Gaglardi. There was no indication that Burton Lymburner, former president of L and M Logging Co., which won the 819 contract in 1957, has changed his earlier decision not to appear. He is in California.

The hearings are expected to finish by Thursday of next week.

Mrs. Margaret Jean Gudeit of North Vancouver told Friday of a telephone conversation with Gaglardi about Gresty's role in the project.

BOUGHT SHOVEL

Gresty was mechanical superintendent of the department in Kamloops. There has been testimony that he was involved at the same time in the affairs of Mid-City Construction Co., a sub-contractor on Project 819.

Mrs. Gudeit said her husband had bought a shovel that was used by Mid-City. When they were trying to collect unpaid rental money, Gaglardi returned a telephone call when her husband was out.

She told the minister, she said, that because Gresty was a government employee, her husband felt the job was safe.

She said Gaglardi replied that Gresty was not employed as a government official on

that job, but was working for his own interest in Mid-City.

McKenzie produced a document he said was from an RCMP report. It said Mrs. Gudeit claimed Gaglardi told her "it was a democratic country and there were no restrictions, and a man was free to invest his own money in whatever he saw fit."

SHOWN DOCUMENT

Mrs. Gudeit said she was shown the document, just before testifying, by Gordon Dowding, a lawyer who is NDP MLA for Burnaby.

Government members wanted to know where Dowding got the report. Dan Campbell (S.C., Comox) wanted chairman Irvine Corbett (S.C., Yale) to investigate how Dowding acquired it.

Dowding said it was in documents belonging to Gudeit, and he simply showed it to Mrs. Gudeit so she could identify it if it was shown to her on the stand.

McKenzie said there was nothing improper in his action and the brief storm subsided.

LOST MONEY

Frederick G. Gudeit testified that he was talked into buying a 1½-yard shovel for \$50,000 with the option of renting it to Mid-City for six months at two shifts a day.

In fact he didn't get a penny though the shovel was on the job six months, he said, and lost \$17,000 directly and \$35,000 indirectly.

Earlier, Erwin Swangard, managing editor of the Vancouver Sun, said reporters did not hound witnesses into giving affidavits. His sole motive in obtaining them was the public interest, he said.

Swangard was called at the request of Waldo Skillings (S.C., Victoria). As he left the stand, Opposition Leader Strachan apologized for wasting his time and the taxpayer's money. He said Skillings should apologize, too.

Skillings said he wasn't trying to embarrass the paper or the committee. His only motive was that "I didn't feel the Sun newspaper is doing a true and honest job of reporting in this inquiry."

At the opening, James Rhodes (NDP, Delta) demanded an apology from Skillings. He said Skillings and others accused him of making false statements when he suggested witness Mrs. Florence Gresty was still a director of Mid-City.

He said the registrar of companies had never been advised she had ceased to be a director. This was required by law at the time, he said. Skillings refused to apologize.

Stay off probe stand, Branca tells Gaglardi

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—Highways Minister Gaglardi has been advised by his lawyer not to testify in the highways department graft investigation.

Lawyer Angelo Branca told the public accounts committee Tuesday that he might advise Gaglardi that the evidence before the committee has disproved all the charges made in an affidavit by Montana construction man Dick Holzworth.

"If I can persuade him to my way of thinking, then I tell you now, you will not hear from him in the witness box," Branca said.

As Branca made his comment, there were some smiles on the faces of opposition MLAs.

Branca said: "This is not a laughing matter, gentlemen. This is a matter where we are doing justice." He said the final decision must be Gaglardi's, however, and it would be considered overnight.

About 600 letters from highways department files were made available to the committee. They dealt with Trans-Canada Highway Project 819.

Committee counsel Lloyd McKenzie read parts of them into the record, saying they enlarged the scope of earlier evidence about a bid bond put up by L. and M. Logging Co.

McKenzie said he thought a number of things disclosed in the letters had to be answered. Some had to be explained by the minister, he suggested, and some by departmental officials.

He suggested Gaglardi be called next.

When Branca said he had not made up his mind what course to follow, opposition leader Strachan read parts of the transcript which he said left a definite impression Gaglardi would testify.

Strachan quoted chairman Irvine Corbett (S.C., Yale) as saying he thought the minister would clear up a certain point and Gaglardi's reply that he would be glad to do so.

Branca indicated he would publicly sum up the case on behalf of the minister and the department before the committee adjourns.

Earlier, Vincent L. Gresty testified that while he was mechanical superintendent for the department of highways at Kamloops, he owned five pieces of construction equipment used on Project 819 by a sub-contractor. They were worth more than \$100,000.

He said the equipment was originally bought when he was considering going into a partnership.

Gresty said he resigned from the department "under a cloud" in 1959 because of criticism of his role. He wasn't asked to resign, he said.

He said he had known Gaglardi for 25 years, but wasn't especially friendly with him. He was a member of Gaglardi's Calvary Temple Church and had been a Sunday school teacher.

Late in 1958, Gaglardi asked him if he was involved with machinery working on Project

819. He told the minister he was not, because at that time he no longer had any interest in the machinery.

Gresty said that he and his brother Ted turned over 9,999 shares in Gresty Bros. Ltd. to Harvey Campbell, who changed the name to Mid-City Construction Co. There was no payment and the only consideration was that Campbell would take over \$400 in debt.

But Gresty said he had a letter of intent saying that when Mid-City became successful, he would enter it as a partner with Campbell.

This was before Mid-City became involved as a sub-contractor to L and M.

Donald Smith (S.C., Victoria) suggested that Campbell was in effect holding shares for him in trust. The witness agreed.

Gresty told McKenzie that one piece of machinery was rented at \$24 an hour on Project 819, and another at \$15 an hour for six months, with two shifts a day.

McKenzie: "Do you suggest to this committee that they

worked for six months-odd and you were paid nothing?"

Gresty: "I was definitely paid nothing and it cost me money besides. I didn't ask for any money."

McKenzie said he found it difficult to understand why Gresty was so generous.

The witness agreed with Tom Bate (S.C., Point Grey) that so long as Mid-City continued paying off the money owing on the machinery, he was building up an equity.

Counsel asked him: "You were the financial backer of Mid-City Construction?"

Witness: "I wouldn't say that."

McKenzie then produced an RCMP report in which Gresty described himself as financial backer.

Gresty replied: "I realize that I made that statement. But by the same token, lending money and backing certain machinery, you would not classify yourself as a financial backer."

It had been expected to finish the hearing by tomorrow, but introduction of the 600 letters Tuesday raised the possibility it may continue after Easter.

THURSDAY, APRIL 11, 1963

Skilling says probe waste of public money

By PADDY SHERMAN

Province Victoria Bureau

VICTORIA — The highways department probe is a Roman holiday for politicians, a witch hunt and a waste of public money, Social Credit MLA Waldo Skillings angrily asserted Wednesday.

He told the public accounts committee he could see no reason why the hearings into Trans-Canada highway project 819 should continue.

A few minutes later Highways Minister Gagliardi got up and complained that his top officials were tied up at the hearings and should have looked at millions of dollars worth of work weeks ago.

"It could cost us in the neighborhood of millions of dollars because of lack of proper supervision. I wonder where we are going to and how long we will have to be here," Gagliardi said.

NO ANSWER

That was a question the committee couldn't answer, though its members argued among themselves on it. It sat only briefly Wednesday, and then adjourned to find out if a new witness can get here today.

He is Glenn Geery, of Seattle, former project manager on the 819 project for Union Contractors Ltd. If he can appear this morning, Lawyer Angelo Branca will then decide whether or not Gagliardi should give evidence under oath.

There were signs Wednesday that the minister may testify. Committee counsel Lloyd McKenzie said that departmental letters recently produced "suggest a number of questions to the minister."

WORD FROM COUNSEL

Committee chairman Irvine Corbett (S.C., Yale) said: "I understand from (the minister's) counsel that he would prefer not to come on until we have heard all other witnesses."

What would happen if the minister decided not to testify? Committee members have pointed out that anybody can be called as a witness simply by the filing of a written certificate by any member. The bill that continued

the committee after the legislature rose gave it full supreme court powers to take action for contempt.

One key witness now seems certain not to appear—Burton Lyburner, former president of L and M Logging, the company that got the original 819 contract in 1957.

WASTE OF TIME

Counsel McKenzie said he had been on the telephone to Lyburner in California four times. "I think it as a waste of time. I don't think Lyburner has any intention of coming."

Secretary Dan Campbell (S.C. Comox) commended: "The committee has gone out of its way to get Lyburner here." He didn't think Lyburner could add anything. "If anybody on this committee has not got the picture now on what happened on 819, he never will."

His comment prompted Skillings' outburst.

The Victoria MLA said he wanted to get himself forcibly on the record.

WANTS OFF PAYROLL

"It's all very well for members of this committee to have a Roman holiday at public expense, but I want to get off the payroll and get back to my business."

"If anybody has not got the picture of this now, there's something wrong with their head."

"It's too bad this committee is being used as a sounding board for a civil suit that has started in Vancouver this morning."

(Union Contractors has filed suit in U.S. federal court in Boise, Idaho against the First National Bank of Bonners Ferry, Idaho, for \$249,724 it says was wrongfully deducted from its bank account).

\$25 A DAY

Skillings went on: "Every member of this committee is receiving \$25 a day plus living expenses. The quicker that goes through to the public mind and we wind up our hearings the better."

Chairman Corbett: "I am glad to know what a Roman holiday is now."

(Webster defines a Roman holiday as "an entertainment that causes loss or suffering to those providing it.")

Opposition Leader Strachan said he listened to Skillings with his usual disbelief of anything Skillings said. He said he took his job seriously and if Skillings didn't want to accept his responsibility it was up to him. "I really resent the almost scurrilous remarks he has made about members of the committee."

DIDN'T WANT IT

Liberal Leader Ray Perrault said the Skillings: "You and your friends are directly responsible. The minority of this committee didn't want this kind of Roman holiday in the first place."

Skillings said the cabinet should be asked to make an hourly rate of pay instead of the daily rate. They had sat only 1½ hours.

Ran Harding (NDP, Kaslo-Slocan) told Skillings he didn't have to put in for the \$25.

Harding said that when the hearing finished in the courtroom he spent as much time again reading transcripts in his hotel room. "If this is the type of holiday my friend thinks we enjoy, he is nuts."

WITCH HUNT

Skillings said: "This has been a witch hunt from the beginning. You have had solicitors going out with a fine-tooth comb. They can find absolutely nothing. So what is the idea of continuing the hearings?"

Leo Nimsick (NDP, Cranbrook) said this showed Skillings was pre-judging the case.

Counsel McKenzie said the inconvenience of committee members was a minor matter and time and money must be spent to do the job properly.

PROPER STUDY

Perrault protested that nobody could study the 600 highways department letters properly in a short time, and the rest of the day could be devoted to this.

Donald Brothers (S.C., Rossland-Trail) said it was a frightful waste of taxpayers' money to sit 20 minutes a day.

Branca further complicated things when he said that if things weren't completed in the first three or four days of next week he would be unable to attend.

"I have had the greatest difficulty in making arrangements to be here the past four or five weeks and I am afraid I am not going to be able to make any more past next week."

SATURDAY, APRIL 13, 1963

Campbell alleges threat by Dowding

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA — The public accounts committee has adjourned until Tuesday, when its last two witnesses are expected to take the stand.

One will be Glenn Geery of Seattle, who was project manager for Union Contractors Ltd. on Trans-Canada Highway Project 819 near Revelstoke, which the committee is investigating.

The other potential witness is Highways Minister Gaglardi, but no decision has yet been made on whether he will testify.

Three highways department officials testified Thursday. At the end of the day Donald Smith (S.C., Victoria) summed up: "All we have heard here today is an assault charge from one MLA against another."

He was referring to a complaint from Dan Campbell (S.C., Comox), against Gordon Dowding (NDP, Burnaby), a lawyer who is not on the committee but has advised members of the NDP.

PUNCH THREAT

Campbell said on March 29 Dowding told him he would punch him in the nose if he didn't stop bringing Dowding's name into the case.

"At the time I dismissed the threat thinking it was merely due to ill manners, by saying, 'You are not big enough,'" Campbell said.

"Since that time Mr. Dowding has made an even more serious threat. Yesterday he threatened to sue me if I didn't shut up.

"After some reflection I feel that I can no longer be quiet about this deliberate intimidation of a member of the committee.

"I therefore ask you, Mr. Chairman, to take this matter under advisement with counsel to see if the above incidents are not a serious contempt of the committee."

Chairman Irvine Corbett (S.C., Yale) said he would consider the matter.

HARDING PROTEST

Earlier in the day Randolph Harding (NDP, Kaslo-Slocan) protested the fact that 600 letters from the highway department files had been "withheld" until Tuesday.

He said there had been an "inexplicable delay" and that the department had been "less than frank."

One of the letters was from Deputy Highways Minister H. T. Maird to departmental solicitor N. A. McDiarmid. It referred to the fact that Clyde W. Thornton, vice-president of Union Contractors, had signed an affidavit in October 1959 that all debts had been paid. This cleared the way for final payment on the contract by the department.

The letter said the department felt Thornton knew at the time that claims were outstanding, and that he therefore might have committed a criminal offence of perjury.

A note on the letter said Gaglardi had directed that no action be taken, and the letter was in fact never sent.

The legal opinion was that since the department was not the aggrieved party, it shouldn't take action. The case was a matter for a civil suit by the subcontractors.

Another letter signed by Deputy Attorney-General Dr. Gilbert Kennedy indicated that the award of the contract to L. and M. Logging Co. by Gaglardi in the first place conflicted with a cabinet decision.

By Paddy Sherman

Probe drags to end



Province Victoria Bureau

VICTORIA — So now, rather sadly, we have to change the jocular slogan we had set for the public accounts committee hearing. Long ago, when Easter seemed far over the horizon, reporters urged the MLAs to adopt the motto: "Home for Easter."

This was just a jest. The hearing which went on full time almost six weeks ago, was to end in about two days.

Now the end is at last in sight — two or three days more. If it is not, there will be several cases of apoplexy among members.

It has been one of the oddest hearings B.C. ever had. It has been complicated, loaded with political perils for all parties involved, and bristling with opportunities for exercising hindsight.

It's obvious now, that the government majority in the legislature was badly misguided when it refused the opposition parties' request to have lawyers put on the committee.

Had there been an NDP lawyer among the 13-man group, no doubt he would have been spokesman for all his colleagues. The time involved in questioning would likely have been cut in half.

This must be glaringly apparent to anybody listening in. Yet every time Gordon Dowding (NDP, Burnaby) attempts to use his legal experience to guide his colleagues, there are violent objections from Social Credit MLAs.

Opposition leader Strachan spent about 45 minutes one day trying to elicit certain information from a witness. He failed, because of lack of legal training in framing the proper, acceptable questions.

Then counsel Lloyd McKenzie asked

three highly professional questions and everything Strachan had tried to get came tumbling out.

It would be presumptuous to suggest what the committee's findings will be, though they seem clear enough.

When you read them eventually, several things should be borne in mind. First, the contract at issue was written six years ago. In McKenzie's words: "This was the sourest mash that anybody ever mixed."

Departmental comptroller A. E. Rhodes said there had never been another contract with so much trouble.

McKenzie asked him: "Do you think the department has acquired valuable experience because of 819?" back came the understatement of the hearing: "very definitely."

Then he told of safeguards adopted since then to prevent a recurrence.

The major issue left to thrash out is likely to be whether or not the present policy goes far enough. Liberal leader Perrault wants a full system of "pre-qualification," under which only thoroughly experienced contractors with financial stability would get a chance.

The department has taken the view that by letting small contractors in it can cut costs.

And the NDP seems keen on giving the highways department a more paternalistic role in insuring that subcontractors, who fared badly on 819, are properly looked after.

Reconciling these viewpoints in one report could produce some dandy headaches, quite apart from deciding the rights or wrongs of the specific allegations. There's no doubt the findings of this committee will provide ammunition for several legislative sessions to come.



—Ian McKinnon photo

Highways Minister Gagliardi on the stand

Gagliardi appears in highway probe

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA—The public accounts committee begins today to consider its verdict on the highways department graft allegations, six weeks to the day after its hearings began.

The final witness was Highways Minister Gagliardi, who spent five hours on the stand Tuesday. He strongly denied any wrongdoing or favoritism by his department in connection with Trans-Canada Highway project 819 near Revelstoke.

All arrangements that led to the award of the contract to L and M Logging Co. in 1957 were handled by his staff, he said, and he agreed with them.

Before the minister took the stand, lawyer Angelo Branca said Gagliardi was willing to

testify, but could add nothing to what had been said by his staff.

Referring to the original affidavit filed by Montana construction man Dick Holzworth, Branca said: "Frankly I think this committee, to show the contempt it has for the allegations sworn to so irresponsibly by an equally irresponsible man, should say it does not need to hear from this man in his defence."

After some skirmishing among committee members, Opposition Leader Strachan called Gagliardi as a witness, saying it would be unfortunate if he didn't testify.

At the end of Gagliardi's testimony, an argument broke

out over whether committee counsel Lloyd McKenzie should make a summation after Branca speaks today.

McKenzie said he would not arrogate the committee's job of judging the issues. But, he went on: "You need guidance, and need it badly. Whether or not you are going to take it from me I don't know."

Committee members said later they had no idea of how long it will take to draft their findings. These will go directly to the cabinet.

62 SESSIONS

So far the committee has sat for 62 sessions and there have been almost 500,000 words of testimony and argument. Chairman Irvine Corbett (S.C., Yale) said he has not yet worked out the cost of the hearings.

As Gagliardi was testifying under oath, two topics attracted the major share of the questioning. One was the validity of the bond L and M logging entered with its tender for the \$1.7 million project, and his part, if any, in this. The other was the fact that two carpenters on the payroll of Bonanza Construction Co. worked six months on his church, Calvary Temple at Kamloops.

WAGES PAID

Bonanza was one of the complex of companies involved with the project, and the men's wages were paid by it.

Gagliardi said that when the project tenders were opened, he was in Ontario. He came back about a week later, and his then deputy minister, Evan S. Jones, filled him in on the details.

The memo from Jones said that the bid had been accompanied by all the legal documents needed, including a bid bond. The bond was genuine so far as the department was concerned. Then it was cancelled by the bonding company, and Jones had to decide whether or not to give L and M time to replace it.

Jones, a man of great integrity and sound judgment, decided to give extra time, and Gagliardi sanctioned this action, he said.

NO FAVORITISM

This in no way involved any favoritism, he said. Liberal Leader Perrault asked if he had any reason to believe the bond was cancelled for other than valid reasons. Gagliardi said he had.

But when Perrault asked if it was done at the instigation of another company trying to get the contract, or was done solely to embarrass the government, the minister said he had no direct knowledge.

ABOVE BOARD

Gagliardi said everything in connection with the work on his church was open and above board.

He said that in 1958 his church decided to build a new auditorium. His brother Anthony, a building contractor, was "boss carpenter" on it as he had been on six other extensions.

Anthony was in charge of hiring, since as a contractor he had an arrangement with the Workmen's Compensation Board and was able to cover everybody.

Each Sunday, Gagliardi said, he appealed from the pulpit for volunteer workers or for people to sponsor workers.

IN THE PRESS

He never asked the contractor to contribute workers, but presumed his pulpit appeals helped persuade Burton Lymburner, an official of the firm, to lend Dominic Donatelli and Larry Jontz.

The minister said he didn't know of the Bonanza arrangement until it was reported in the press in 1959.

Normally gifts of money were given to the church, and this was passed on to Anthony Gagliardi to pay in wages.

But the Bonanza deal didn't come under this arrangement, since the men were employed by a firm that already had an arrangement with the WCB. So it continued paying them itself.

NOBODY PAID

McKenzie said the question was whether he was influenced in any way to patronize the contractor because of the donations. Gagliardi replied: "Absolutely not."

The minister also denied that any contractors sponsored or paid for any of his religious broadcasts in Kamloops. And he told the committee that he knew nobody was ever paid by a contractor for playing the organ in his church. All the organists played free, he said.

Gagliardi also disclosed that four years ago he formally resigned as pastor of Calvary Temple because of "constant badgering" that linked the church with his political role.

He said he still carried out his same old role in the church, but is no longer the legal head.

Since becoming a cabinet minister 10 years ago, he has not received a penny from the

church, he went on. Neither has his wife, who is superintendent of a Sunday school with 1,100 students.

The other allegations in the Holzworth affidavit that started the inquiry referred to a \$100,000 padding of estimates in favor of Union Contractors, who took over from L & M, and an extra payment of \$35,000 through falsification of accounts.

Gagliardi said he personally had nothing to do with these, and his staff had explained what happened.

FRIENDS

He said he was friendly with Burton Lymburner, who was president of L and M, and Lymburner dropped in to see him every time he was in Victoria.

But he was no more friendly with him than with other contractors, he said, and gave him no special favors. Lymburner had no special influence, he said, rejecting an allegation that Lymburner was paid to "grease the door" between Union and the minister.

Gagliardi told Branca he had never told Dick Holzworth or Union vice-president Clyde Thornton they would get a "get-well" project because they lost money on Project 819.

NO INTERVENTION

He denied personal intervention in any aspect of the matters in the allegations.

A short but fierce argument erupted when the minister said lawyer Gordon Dowding (NDP, Burnaby) had told him he was acting for Holzworth.

Dowding, unofficial adviser to the NDP committee members, promptly shouted that Gagliardi was a liar. "That's a dreadful thing to say," Dowding added.

Waldo Skillings (S.C., Victoria) suggested Dowding should be brought up for contempt of the committee. This was the second time such action had been suggested against Dowding.

The Burnaby MLA later retracted the word liar but said he never talked to Gagliardi about this.

Earlier in the day Dan Campbell (S.C., Comox) asked the chairman what he planned to do about "intimidation" he received from Dowding.

Chairman Corbett said he took it seriously and would act if there was any more such action.

Campbell said Dowding threatened to sue him he didn't stop mentioning Dowding's name at the hearing.

Strachan said on Dowding's behalf that Campbell said he was going to Courtenay and would then attack Dowding in a speech. Strachan said Dowding simply warned him to remember the laws of libel and slander.

THURSDAY, APRIL 18, 1963

Secret session

Fate of Gagliardi hangs in balance

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA — Thirteen members of three political parties went into secret session Wednesday to decide the fate of Highways Minister Gagliardi and officials of his department.

Their task: To sift 500,000 words of testimony spread over six weeks to see if there was any corruption in Trans-Canada Highway Project 819.

This was a 12.8 mile stretch of road at Taft, near Revelstoke, for which L and M Logging Co. received a \$1.7 million contract in 1957.

The project was plagued with troubles almost from the start. American contractors moved in and bailed out L and M, changing the name to Union Contractors Ltd., but the project still lost money. A civil suit on the matter has opened in the U.S.

On Feb. 26, Union president Dick Holzworth, a U.S. citizen, presented a sworn affidavit that there had been graft on the project. It was filed in the legislature by Gordon Dowding (NDP, Burnaby).

The legislature's public accounts committee now has to decide if Holzworth was lying, as highways department counsel Angelo Branca charged Wednesday.

As the eight Socreds, four NDP members and a lone Liberal went into camera, these points were still fresh in their minds:

- Branca said Holzworth was a soldier of fortune, a liar, completely irresponsible, and a man whose aim was to get back \$200,000 he claimed he lost on Project 819. In fact, Branca said, Gagliardi and all his officials deserved commendation and not condemnation for their conduct throughout. There was not a scrap of evidence of dishonesty, he said.

- Committee Counsel Lloyd G. McKenzie warned the MLAs solemnly: "You are in the judi-

cial seat and you can't escape that. You have to behave in a judicial manner.

"I say to you with respect that the political function and the judicial function do not mix. They are antithetical. They are fire and water."

He warned them of the grave dangers of hearsay, and said they must make up their minds solely on the basis of facts.

"I beseech you, when you are exercising that function, to have regard only to what you have heard in this court room," McKenzie said.

"You cannot come here armed with pre-dispositions, with inflexible attitudes because of what you have heard elsewhere, and serve the function you are here to discharge."

The committee went into closed session for an hour at

3:30 p.m. It will resume today.

Chairman Irvine Corbett (S.C., Yale), said he had no idea how long it would take to prepare the report, which goes to the provincial cabinet.

But there were indications the report will be completed by the end of the week and presented at Monday's cabinet meeting.

At the closed hearing, Branca opened his address by saying that when Holzworth testified at the hearings, "it was obvious that everything he had to say in support of the allegations was indeed a puffball that exploded."

The onus was upon Holzworth to prove his allegation. But in the course of the inquiry things had been so swung around because of "innuendo and other things, that we have been cornered and have to prove our innocence."

Holzworth called irresponsible

Branca went on: "It is indeed regrettable that an irresponsible man who lives in another country can come here and swear out an irresponsible statement of the nature that Holzworth did in this case, and cause these men to be held up in public as men who have possibly done wrong, but who the evidence discloses have done no wrong at all."

Because of this, the committee might care to consider that to safeguard reputations of the innocent, future investigations should be held in camera.

This way innocent people would not be harmed by unjustified headlines and their characters assailed by the press in a way that left them powerless to protect themselves.

Because the hearings were not in camera, there had been "unjustifiable, sensational headlines in the Sun," Branca said.

"If you agree with me, Holzworth is just a plain, simple liar... I am going to ask you to come to the conclusion he has not told you the truth on anything else."

Next he turned to the allegation that Clyde W. Thorn-

ton, vice-president of Union Contractors Ltd., paid off a \$6,702 mortgage for Vincent L. Gresty at Gagliardi's request. Gresty was at that time mechanical superintendent for the highways department, and played some part in the affairs of Mid-City Construction, a sub-contractor on Project 819.

Branca said this was an honest debt paid off through the intervention of highways department officials, not Gagliardi. The department simply carried out its usual practice when sub-contractors complained that prime contractors owed them money.

"Insofar as any sinister inferences that you are asked to draw, they are just not there," Branca said.

Next he discussed the evidence on allegations that one work estimate was padded by \$100,000, and another was falsified to produce an extra \$35,000 for Union Contractors Ltd.

"There has been no impropriety or dishonesty shown insofar as any departmental employee is concerned," Branca argued. Here too, Holzworth could have checked the facts simply with the department, but didn't.

Thursday, April 18, 1963

Probers study Gaglardi fate

But officials win praise

He said director of construction E. C. Webster was of "very high intelligence and integrity" and resident engineer Eric Barclay was "so honestly simple it would be beyond him to be dishonest or do anything that was not right. It was painted all over him."

The \$100,000 was explained by extra machinery on the job for the month concerned, the \$35,000 by a legitimate change in percentage of solid rock in the material removed, he said.

Dealing with the two workmen paid \$4,000 by Bonanza Construction Co., for working on Calvary Temple, Kamloops, where Gaglardi is pastor, Branca said it was a sad thing to drag this up again. It had wide publicity in 1959.

There was nothing wrong

with a company, whether or not it had a government contract, contributing to the cost of a church extension. Branca said. Branca said he hoped that when the committee decided on the church matter, "it would be cremated once and for all and we will no longer hear about it."

On the question of misuse of public funds, Branca continued, the evidence was unequivocal that there had been no loss of money to the taxpayers and no favors to contractors.

As for the "friend Dick" letter from Thornton to Holzworth, suggesting favored treatment by the highways department, if anyone believed there was anything in it "I suggest you need the services of a psychiatrist."

FRIDAY, APRIL 19, 1963

Justice and politics do not mix . . .

The 13 members of the legislature's public accounts committee are sifting testimony from six weeks of hearings into allegations of corruption in Trans-Canada Highway Project 819. Their report is expected to be forwarded to the cabinet within hours.

Without anticipating the committee's findings, one point is abundantly clear: assigning to members of a legislative committee the functions of a court of justice illustrates a glaring weakness in a parliamentary practice.

It was too much to expect members of three political parties without any special legal training to acquit themselves like lawyers and judges.

Mr. J. Donald Smith, (S.C., Victoria) summed it up for his fellow committeemen on April 5 when he

said: "Out of the committee's 4½-hour daily session we spend 3½ hours fighting among ourselves."

Later, committee counsel Lloyd G. McKenzie said the members had complained about legal jargon at the hearing "but if I may say so, there's been too much political jargon."

On another occasion Angelo Branca, counsel for Mr. Gagliardi, pointed up the situation succinctly for the 13 inquisitors and judges:

"I hope I do not do you an injustice when I say that at times during the last six weeks it almost appeared obvious that you had drawn yourselves up according to your political beliefs, and almost as if you were seeking to make some political advantage out of a situation of this nature. **'Justice rises far, far beyond that.'**"

At another point Mr. McKenzie warned the MLAs: "You cannot come here armed with predispositions, with inflexible attitudes because of what you have heard elsewhere, and serve the function you are here to discharge."

Whatever the findings of the committee, its experience makes it plain that never again should a government allow such allegations to go before a tribunal of party politicians.

It is unfair to the politicians, it is unfair to those who stand accused, it is unfair to the very institution of government which should command public respect.

If this lesson has been learned at Victoria during the past six weeks the hearings, whatever the official outcome, will have served a useful purpose.

B.C. probe report finished today

Province Victoria Bureau
VICTORIA—The public accounts committee sat in camera throughout Thursday without finishing its report on the allegations of graft in the highways department.

Indications were that the report will be completed today and considered at Monday's cabinet meeting.

Gaglardi cleared in probe findings

By PADDY SHERMAN
Province Victoria Bureau

VICTORIA — All the allegations of graft and corruption in the highways department were false, the public accounts committee has decided.

But the committee split right down the middle on its findings.

The majority report, released by Premier Bennett Friday night, not only cleared Highways Minister Garlardi and his staff in connection with Trans-Canada highway Project 819 near Revelstoke, but commended them for their conduct of it.

This report was approved by only half the committee members. Chairman Irvine Corbett (S.C., Yale) gave his casting vote to make a 7-6 majority.

The minority report, signed by the four NDP members, the lone Liberal and Sacred J. Donald Smith of Victoria, also found the evidence showed no wrongdoing.

But it strongly criticized some aspects of the department's handling of the project.

The minority report noted there was no impropriety in the paying off by Union Contractors of a \$6,702 mortgage involving Vincent L. Gresty, then a department of highways employee.

But it continued: "The minister of highways was aware of the debt owing and discussed the matter with department officials.

"We are satisfied that there was no impropriety. This kind of relationship is, however, most undesirable, and dangerous when it occurs in relation to government contracts."

The development caught most people here by surprise. Instead of waiting for Monday's cabinet meeting, Chairman Corbett rushed his report to the premier, who was just going out to an evening function.

The Premier called a hurried press conference at 8 p.m. and released the majority report without comment. This report was signed only by Corbett.

A few doors away the other six were meeting. Their report came out two hours later.

All six carefully excluded their party affiliations, and signed their names in alphabetical order.

Signers were: Randolph Harding (NDP, Kaslo-Slocan), Leo Nimsick (NDP, Cranbrook), Ray Perrault, Liberal Leader, (North Vancouver);

(Continued on next page)

James Rhodes (NDP, Delta); Smith, and opposition leader Strachan.

The committee began its investigation after the NDP filed in the Legislature Feb. 26 an affidavit by U.S. contractor Dick Holzworth.

He is president of Union Contractors, Ltd., which took over from L. and M. Logging Co., to which the original \$19 contract for \$1.75 million was granted in 1957.

This is how the two reports disposed of the allegations:

● Both agreed that the accusation that Mrs. Florence Gresty received \$350 a month from the contractors for being organist in Gaglardi's Kamloops church was false. Both regretted the trouble the allegation caused her.

● The main report rejected the allegation that Gaglardi telephoned Clyde Thornton, Union vice-president and told him to pay off the \$6,702 mortgage.

It also said it was false to say Gaglardi promised Union would be well taken care of for this, and that favors were given the contractors.

The minority report said the highways department did contact Thornton, and as a result the mortgage was paid off.

It then added the passage quoted earlier about the "undesirable and dangerous" relationship.

● The main report said the contractor obtained an extra \$35,000 through altered estimate sheets. It said this was the result of normal procedure.

The minority report said the circumstances surrounding the alteration "set a precedent and were unusual."

It added that the six members regretted the fact that resident engineer Eric Barclay had destroyed his project log book. They said this hampered the investigation, since the book was the basis for resolving disputes over contract work.

It recommended that in future such log books become part of the department's official permanent records.

● The main report said the contractor received \$100,000 for work Holzworth alleged could not have been done. But it said the payment was because of re-measurement of material moved earlier, and because extra equipment was used in the month in question.

The minority report didn't mention this allegation.

● The main report said the payments were made to L. and M., which did the work, not to L. and M. although Union did the work, as alleged. Therefore, it found, Union has no claim on the money paid.

The main report then gave this commendation: "The board would like to commend Minister of Highways Gaglardi, Deputy Minister Thomas Mard, former deputy Evan Jones, chief engineer Fred Brown, director of construction E. C. Webster, com-

troller A. E. Rhodes and Barclay; for their conduct during the course of project 819 and for their devotion to duty and their tireless efforts on behalf of the people of B.C., and their conduct during this inquiry.

But the dissenting six were critical of several actions of the officials.

CHIDE OFFICIALS

They said that failure of L. and M. to give satisfactory proof of financial responsibility at the time tenders were opened should have been "adequate warning to the department to reject them as contractors on Project 819."

The evidence was that the department thought L. and M.'s bid bond was valid, but it was cancelled. Then Evan Jones allowed them time to replace the bond, a decision which Gaglardi reported.

The minority report went on: "The discretionary consideration given by the department with respect to extending the time involved in obtaining a valid bond or its equivalent was the prelude to the serious difficulties on this project."

The same principals later received Project 1023, on the southern trans-provincial highway near Creston.

The minority report said it seriously questioned this decision in view of the "unfortunate experience" on 819.

STANDARDS NEEDED

The minority report said it noted with concern that numerous sub contractors and others lost money on 819. It recommended that in future only experienced, competent and financially competent contractors should get contracts.

Some pre-qualifying standards should be established, the six members recommended.

The six dissenters said bluntly that MLAs should never again be asked to carry out investigations of this nature. Impartial and judicial royal commissions should do it, they said.

Their report went on: "The involvement of MLAs in such an inquiry is wrong in principle and impossible in performance."

But the main report simply recommended safeguards for future inquiries of all kinds.

These were that:

● Witnesses should be protected against self-incrimination.

● Hearsay should be prohibited.

● Witnesses' right to counsel should be established beyond argument.

● Those affected should get notice of the identity of witnesses and a summary of the nature of their evidence.

● Witnesses should get 48 hours' notice.

● Testimony likely to be defamatory should be held in camera, and rebuttal, if any, should be published simultaneously.

No official figures were available, but it was estimated that the inquiry cost about \$40,000. Friday was its 37th sitting day, and the second day the members had sat in secret session drafting their reports.

MONDAY, APRIL 22, 1963

Gaglardi probe called farce by Dowding

A legislative inquiry that cleared Highways Minister Gaglardi and his department of any wrongdoing was called a farce by the man who filed allegations in the legislature in February.

Gordon Dowding, lawyer and New Democratic Party member of the legislature for Burnaby, said:

"The whole thing is a farce to a lawyer used to impartial proceedings to see what amounts to a partisan inquiry."

"It was almost ordained from the beginning, from the time it went to a parliamentary committee, that it would end this way."

"Any recommendation that further investigations be done by way of a royal commission meets with my concurrence."

The inquiry was conducted by the 13 members—only one of them a lawyer—of the legislature's committee on public accounts.

Allegations of misuse of

public funds on Trans-Canada Highway Project 819 were made in an affidavit by Monworth, whose company, Union Contractors Limited, completed the 12-mile project near Revelstoke.

Meanwhile, in Kamloops, Gaglardi said his only fear in public office is that someone "would be sufficiently unscrupulous as to frame him."

The minister said:

"I operate on the basis of living in a glass house . . . anybody can look at the books at any time."

"The only thing I am ever afraid of is someone who would be sufficiently unscrupulous as to frame an individual and this is not beyond reach because there have been fabulous sums of money offered to individuals who would make statements or do something that would incriminate me."