

[1887]

# LOUIS SANDS,

A GERMAN, OF MANISTEE, MICHIGAN, WAS

## DEFRAUDED OUT OF \$200,000.

ESTABLISHED BY SWORN TESTIMONY.

### RYKERT'S CLEAR PROFIT \$90,000.

The political history of no country furnishes a more scandalous outrage than the Rykert-Adams timber limit sale to Louis Sands, of Manistee, Michigan, U. S.

Rykert secured a license for the Cypress Hills timber limit from the Dominion Government for \$250 in partnership with the late John Adams. The parties wanted to sell the limit for \$200,000. A purchaser was found in Louis Sands, if it could be shown that this limit contained one hundred million feet of good timber. **Hudell was sent by Sands to examine the limit. He was paid \$20,000 to induce him to report favourable.** The purchase was then completed by Sands, and the money was distributed as follows:—

J. C. Rykert, in cash .....	\$41,900
J. C. Rykert, in notes since paid in full .....	49,100

<b>Total received by Rykert and deposited in his wife's name in a Toronto Bank .....</b>	<b>} ... \$90,000</b>
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Jno. Adams.....	80,000
Hunter, the land agent.....	10,000
Hudell, the bribed valuator.....	20,000

Amount paid by Sands .....	\$200,000
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Read carefully the sworn testimony of Louis Sands herewith, and also one of the last clauses in Rykert's letter, where he refused to restore the money or the notes to the man who had been defrauded.

**STATE OF MICHIGAN,**  
**County of Manistee. } S.S.**

**Louis Sands, of the City of Manistee, Lumberman, being duly sworn, deposes and says:—**

That on or about the 16th day of December, 1883, he was induced by the representations of **R. B. Hunter**, a broker in Winnipeg, to pay ten thousand dollars for the refusal of the **Cypress Hills Timber Limit** at the price of **two hundred thousand dollars**, if the said Limit should, on examination, turn out as represented, and contain one hundred million feet of good lumber,

He then procured the services of **Henry S. Hudell**, a land surveyor, who resided in the City of Manistee, and in whose integrity he had until that time the utmost confidence, and he sent the said **Henry S. Hudell** up to the North-West to locate the said Limits and report thereon.

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The said **Henry S. Hudell** proceeded to the North-West for the purpose aforesaid and reported that the Limit was as represented, and contained one hundred millions feet of good pine lumber, and that he **has been been informed and verily believes that the said Hudell was bribed to make such report.**

That on the receipt of the said report he, the said **Louis Sands** proceeded to Winnipeg, and **completed the said purchase**, and at the time of the completion of the said purchase there was present Messrs. **Rykert, Adams, and Hunter**, and I then and there paid for the said Limit ninety thousand dollars in Cash and one hundred thousand dollars in Notes, payable in one and two years from the date thereof, with interest at eight per cent., besides the ten thousand dollars Cash previously paid.

Forty-nine thousand one hundred dollars of said Notes were made to **John Adams**, and by him endorsed "without recourse" to **N. M. Rykert**, and in her name discounted at the **Bank of Montreal in Winnipeg**; twenty thousand dollars were given to **R. B. Hunter** and by him discounted, and the balance thirty thousand nine hundred dollars were retained or disposed of by the said **John Adams**.

Upon the completion of the said purchase, he purchased a saw-mill, and at once transported it with equipments to the said Limit, at a cost of forty thousand dollars, and upon the arrival of said mill he discovered for the first time that the said Limit was not at all as represented, that instead of there being one hundred millions of feet of good lumber, there was not timber enough to make twenty million feet of lumber, and that the said timber was small stuff, and would cost more to manufacture than it can be sold for in that part of the country.

After purchasing the said limit he found that the Canadian Pacific Railway Company was entitled to every odd section of the said limit, which composed one-half of the whole limit, he then was compelled to pay an additional sum of four thousand six hundred and eighty dollars to the **Canadian Pacific Railway Company** before he could do anything thereon.

That the license for said Timber limit was in the names of **Joseph Benjamin McArthur and John Charles Rykert**, and by them assigned to him as one said **Louis Sands** on the 31st day of **December, 1884**.

Sworn in and subscribed before me at  
Manistee, Michigan, this third day  
of February, A. D., 1887.  
(Sgd) **ADOLPHUS MAGNAN**,  
Notary Public,  
Manistee Co., Michigan.

(Sgd.)

**LOUIS SANDS.**

OTTAWA, May 9th, 1883.

**LOUIS SANDS**, Esq.,  
*Manistee,*  
*Mich.*

DEAR SIR,—

I am in receipt of your favour informing me that you **do not wish to take anything less than the whole of the limit in the Cypress Hills**, and that you will only entertain one of the propositions made in your letter. I certainly understood from you, while in Toronto a few days ago, that, failing to obtain the renewal of the

license for the whole limit, you would be willing to accept another limit in lieu of the one-third claimed by the C. P. R., and with that in view **I sent you a map, or plan, showing certain limits in the North-West which the Government proposed putting up for tender in order that you might have them carefully examined, and in the event of the non-renewal of the license for more than one-half you would be prepared to select a limit of 50 square miles, to make up your deficiency.**

As there are many limits, I am informed, quite as valuable as yours, I thought that this would have been favourably entertained by you. It appears, however, from your letter, that you will only have the whole or none. I feel quite satisfied that, if you were to accept the one-half and 50 square miles elsewhere, the C. P. R. would in a very short time give up the limit, as they cannot afford to work the mill up there. They only want ties, and if delayed by the action of the Government until the alternate sections were surveyed, they would be forced to purchase them elsewhere.

Upon my own responsibility, and solely with a view to putting an end to this unpleasant matter, I induced Dr. Bergin, M. P., to go to Montreal and make an effort to purchase any pretended right of the C. P. R. to the limit, feeling satisfied that you would recoup me any expenses I might be put to. At first they seemed inclined to sell, but finally that old brute Van Horne said he would cut the timber in spite of the Government or you. This fact was immediately communicated to the Government, and, if necessary, they will issue orders to prevent them until the limit is surveyed, but at the same time permitting you to go on and put up your mill.

Now, you will bear in mind that I was in no way a party to the agreement with you, and that I did not know you personally, nor had I ever seen you, until I was telegraphed for by Mr. Adams to go up and see that his papers were properly drawn. I acted solely as his legal adviser, while you had selected the firm of McArthur, McDonald & Tupper to represent you. When you enquired about the yearly license and its effects, I showed you the speech of Sir John A. Macdonald, delivered in the House of Commons, in which he stated that if the licensee acted honourably towards the Crown, and paid his dues, the Crown would act honourably towards him, and renew his license as long as he required it. Your legal advisers also told you the same, and assured you you were quite safe in paying your money. At this time the C. P. R. had never contended that the limit was in the Twenty-four-mile Belt; but, on the contrary, had, a short time before then, through Van Horne and Stephens, agreed to pay for the timber which they had stolen from the limit, and offered to enter into a contract with Mr. Adams for 1,200,000 ties. We all believed that the license would be renewed in good faith, and on this supposition you paid you money and gave the security agreed upon between you and Mr. Adams, of which agreement I was until that day entirely ignorant.

When I arrived home, in the end of January, I ascertained from Mr. Gouin, of the Russell House, to whom I had sent the money to renew the license on December 27th, 1882, at the request of Mr. Adams, that one Hamilton, then in the employ of the C. P. R., had been at Ottawa, and had claimed that the license should not be renewed, because it was, as he alleged, within the Twenty-four-mile Belt. I immediately telegraphed Mr. Adams, and, at his request, proceeded to Ottawa to have the matter rectified. I acted promptly, because I felt it would be a most dishonourable act on the part of the Government to refuse the renewal of the license and repudiate their Order-in-Council and lease (which gave you until January, 1884, to erect the mills), and that, too, in the face of the public utterances of Sir John Macdonald, who up to that time had always honourably sustained every promise of his Government. I pointed out the facts to Sir John Macdonald, and urged him in the strongest manner to carry out in good faith his Order-in-Council and fulfil his agreement with the licensee. This he solemnly promised should be done. I must confess, however, that I had not the same faith in his Acting Minister, who certainly seemed to me then, as he has ever since then, to be acting as the friend of and in the interest of the C. P. R. I again came to Ottawa in the early part of February, and I have daily since then for the last three months appealed to every minister and I have brought to bear upon

them every influence to act honorably towards Mr. Adams and you. Although the Acting Minister seemed determined to assist the C. P. R., I still felt that the First Minister would honorably carry out and redeem his pledge to me. Sir Charles Tupper and the Hon. Mr. Bowell, after inquiring into the matter, told me that the Government was honorably bound to renew the license and that it must be done. Sir Charles Tupper only a few weeks ago told me that he and Sir John Macdonald had decided to *take the bull by the horns and compel the C. P. R. to respect the Order-in-Council of the Government which had been passed long before the line was changed from Jasper House southward.* I rested satisfied with this statement of Sir Charles Tupper, knowing that he was the *last man in the Government who would permit any persons or Company to interfere with the action of the Government or place them in a position whereby they would be compelled to violate their engagements.* I also had and still have explicit confidence in Sir John Macdonald, believing that he would never suffer or permit any persons (much less a friend as Mr. Adams certainly was) to be injured in any way.

I have daily represented to Sir John that he was in honor bound to renew the license, leaving you and your friends to fight the C. P. R., and I think still he could safely do so. Not only have I appealed to him on the ground that the Government was in honor bound to respect their Order-in-Council as well as license, but I have on personal grounds appealed to him as an old and faithful supporter not to place me in a false position, because I had explicitly stated to you in the presence of your solicitor at Winnipeg that I knew his Government would do just as he stated in his Speech in Parliament last year.

I state these facts in order to place myself in a proper position, and that you may know that I have acted solely as a friend and in no sense in a legal capacity. I do not in any way hold myself responsible for the agreement between you and Mr. Adams, nor for what took place when the agreement was carried into effect. For three months I have incessantly worked in your interest depriving myself (as Dr. Bergin well knows) of rest, hoping that the Government might be induced to act in an honorable manner towards you and Mr. Adams; and under no circumstances could I again permit myself to be interested in any business which would cause me even one-tenth of the unpleasantness I have experienced in connection with this. I have felt as an honorable man that viewing the facts I was in duty bound to see you righted if possible, even at the sacrifice of my friendship with the Government.

You seem to think I can re-instate you in your former position and restore you your money and notes. With these I have nothing to do; Mr. Adams is dead, and even if he were alive he could not do as you suggest, as he parted with a large portion of the money and notes in keeping his engagements with those who negotiated with you and in liquidating the large expenses he was put to in negotiating for the limit and other expenses connected therewith. My advice to you is to go in and put up your mill on an even section, and if they will give you fifty square miles in addition I would take it, believing that the C. P. R. will in a very short time, if they are prevented from cutting at present, be glad to relinquish their pretended claim.

I can do no more than I have done, and will wait the action of the Government as I leave here in a very few days and will not return. You will please telegraph me at length what I am to do. **I cannot and will not lose any more of my valuable time.**

Faithfully,

(Signed)

**J. C. RYKERT.**

 In the face of this evidence, let the honest electorate pause before voting for candidates supporting a government that is lending its influence to a man who is retaining money that came into his posses-