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Attorney-General Hudson
1917

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John C. McRae

Commissioner of Police 1915-1917

BY JOHN BURCHILL, V-P

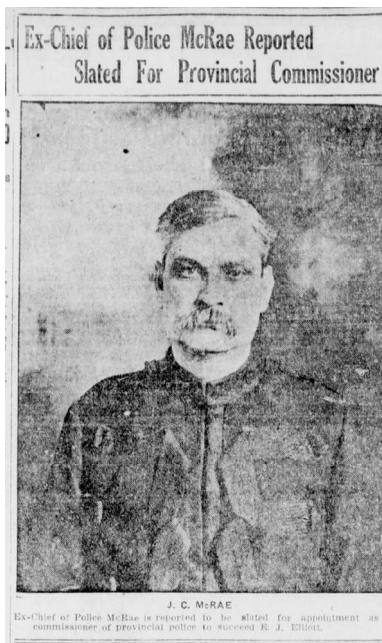
John McRae, born in 1859 in Ontario, joined the Winnipeg Police in 1881 and rose quickly through the ranks to become the Chief of Police in 1887. McRae served as the Chief for 24 years until his retirement in 1911. He was held in such high esteem that he received the King's Police Medal in 1913 after his retirement, awarded for exceptional courage, skill, and distinguished service.

However his career did not end there. When the Province of Manitoba was looking for a Commissioner of Police to handle the investigation and prosecutions associated with the scandal over the construction of the Manitoba legislative buildings in 1915, they turned to McRae.

The history of the scandal goes back to 1911 when a competition was opened to architects to design the new Manitoba legislative building. Out of the 66 designs submitted, the successful submission was that of Frank Worthington Simon and his partner Henry Beddington.

In July 1913 the contract to construct the building was awarded to Winnipeg's Thomas Kelly & Sons for \$2,859,750, one of the largest individual construction contracts at the time. The only other bid was submitted by Peter Lyall & Sons Construction of Montreal shortly before for \$2,863,000 (a difference of only \$3250). According to a later Royal Commission, Kelly was given information on Lyall's bid and reduced his original bid down from more than \$3 million to secure the contract.

Construction of the new building began in the fall of 1913; however by 1914 concern was raised over a change in design for the building's foundation that would increase the cost of the building by almost \$1 million. There were also accusations that Kelly was cutting



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wages from between 20 and 50 percent for tradesmen.

On review by the Public Accounts Committee there was evidence the Conservative government under Sir Rodmond Roblin, the Premier of Manitoba, was in collusion with Kelly to divert money away from the construction project to party's accounts and for Kelly's personal benefit. A majority of the Committee, finding "gross and culpable negligence on the part of the government and officials thereof" asked for a Royal Commission into the construction project. On March 31, 1915, the headlines in the Manitoba Free Press blared that Kelly received "a total over-payment of \$857,200 – Nothing quite so bad in the whole history of contracts - Royal Commission Demanded".

The "Mathers Commission" was subsequently established under Chief Justice Thomas Mathers, along with Justice Donald Alexander Macdonald and Police Magistrate Hugh John Macdonald in April 1915.

To avoid appearing before the Commission Thomas Kelly left to the United States and neither he nor the company's books were available for inspection. Victor Horwood, the Provincial Architect, also left for the United States to undergo an operation, and Dr. Robert Mills Simpson, the Treasurer for the Conservative Party, left for military service overseas before he could testify.

When Roblin appeared before the Mathers Commission on June 8, 1915 he admitted to signing the revised contract, but that it had been an error. At the time he signed them Dr. Walter H. Montague, the Minister of Public Works, was ill and he took over his responsibilities. When Montague returned to work he told Roblin



EX-MINISTERS FACING GRAVE CHARGES IN CONNECTION WITH PARLIAMENT BUILDINGS



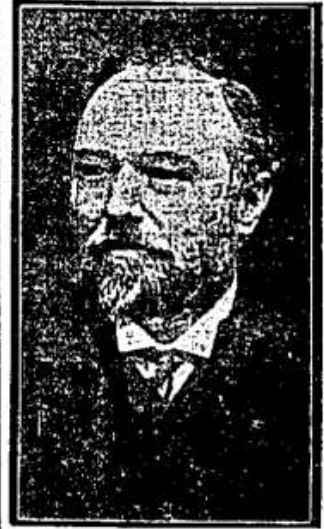
SIR RODMOND ROBLIN.
Ex-Premier.



Dr. W. H. MONTAGUE.
Ex-Minister of Public Works.



J. H. HOWDEN,
Ex-Attorney General.



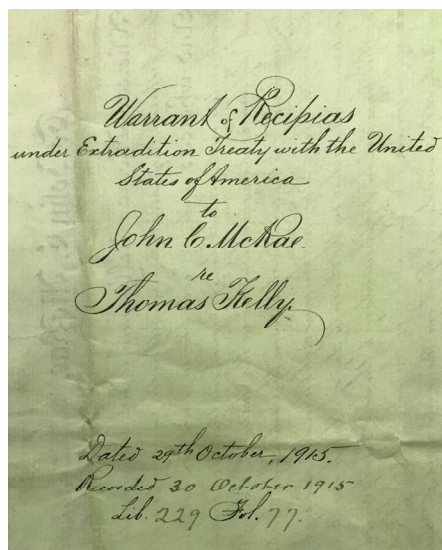
G. R. COLDWELL.
Ex-Minister of Education.

that he had made an error in signing the contract. As a result they collected the documents and Roblin threw them in the garbage but stated "there was no attempt to destroy [the evidence]" considering too many people knew about it.

On June 12, 1915 the commissioners travelled to Minneapolis to hear testimony from Horwood, who admitted he had provided false information to the Public Accounts Committee at the urging of Roblin and George R. Coldwell, the Minister of Education.

When the Mathers Commission filed its report on August 24, 1915, they found a "fraudulent scheme or conspiracy formed before the contract [for the new foundation] was entered into to obtain from the extras an election fund ... For this purpose Dr. R. M. Simpson, V. W. Horwood, the provincial architect, and at least some members of Thomas Kelly & Sons became parties to and active participants in carrying it out in addition to those by whom the original conspiracy was formed."

While the Commissioner found no evidence linking Attorney General James H. Howden to the original conspiracy, "his subsequent conduct convinces us that he early became a party to it ... We believe that Dr. Montague for some time after he became public works minister did not become a party to the fraudulent scheme or conspiracy entered into by his colleagues, but that he was informed of its existence and purpose by Dr. Simpson in January or February, 1914, and he then became a party to it."

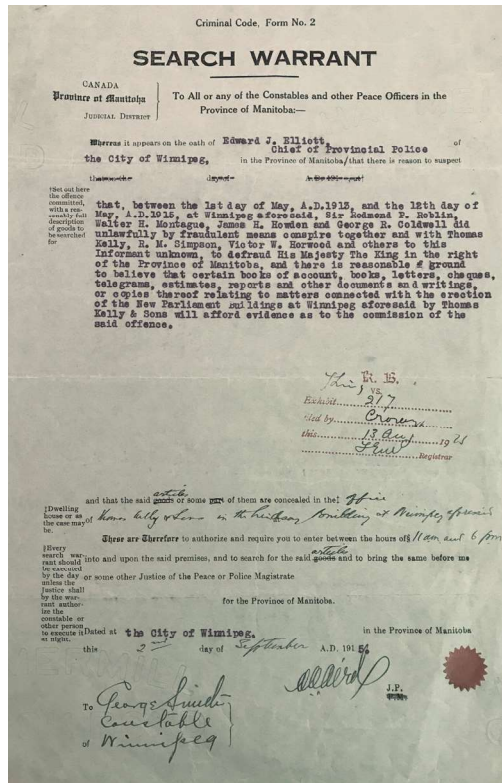


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On August 31, 1915, proceedings were initiated in Winnipeg Police Court against Roblin, Montague, Howden, and Coldwell, by the Chief of the Provincial Police, Edward J. (E.J.) Elliott. The four ex-cabinet ministers were subsequently released on \$50,000 bail each and bound over to appear again in Provincial Police Court on September 8, 1915. A Preliminary Hearing commenced shortly thereafter. However Dr. Montague, who had already been ill, died a few months later on November 13, 1915. An arrest warrant was also sought for Thomas

Kelly for perjury, conspiracy to defraud and obtaining money under false pretenses.

On September 2, 1915, Chief Elliott swore out three search warrants for the residences and offices of Thomas Kelly alleging that between May 1, 1913 and May 12, 1915, Roblin, Montague, Howden, and Coldwell did unlawfully by fraudulent means conspire with Kelly, Simpson, Horwood and others, to defraud the Province of Manitoba. The warrants were given to members of the Winnipeg Police to execute including Detective Inspector George Smith (who was later appointed the Acting Chief of the Provincial Police in 1922 and who became the Chief of the Winnipeg Police from 1934-1947).



Manitoba Archives

evidence from McRae, ordered Kelly's extradition to Canada. McRae obtained a Warrant of Recipias under the Extradition Treaty with the United States for Kelly on October 29, 1915. While Kelly appealed his extradition to the U.S. District Court, Judge Kenesaw Landis upheld the ruling and ordered Kelly extradited on November 24, 1915. Kelly appealed again to the United States Supreme Court which upheld his extradition on April 17, 1916.

On May 6, 1916 McRae took custody of Kelly and left Chicago for Winnipeg. On May 9 Kelly appeared before Justice James Prendergast of the Court of Kings Bench and was remanded to the Provincial Jail until his trial. An

attempt to have his case thrown on procedural grounds was denied by Justice Prendergast on June 6, 1916 and, after an 11-day trial, Kelly was found guilty on June 29, 1916 of defrauding the provincial government of more than \$1.2 million. Prior to passing sentence however Prendergast submitted a number of questions to the Court of Appeal.

On August 18, 1916 the Manitoba Court of Appeal upheld Kelly's conviction and the stated questions by Justice Prendergast. A further appeal to the Supreme Court of Canada was upheld on November 7, 1916. The Court commented that "so overwhelming is the proof furnished by the evidence not excepted to, that no honest jury could have returned other than a verdict

Kelly was placed under surveillance and arrested on October 1, 1915 by members of the Chicago Police. McRae travelled to Chicago and extradition proceedings were started. Kelly initially appeared before U.S. Commissioner Louis F. Mason who, after hearing

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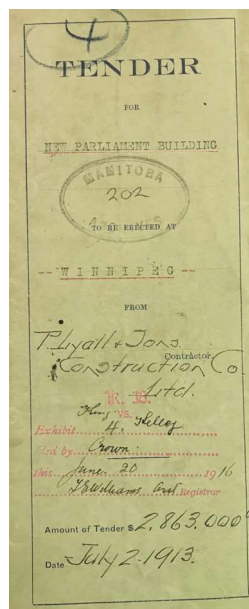
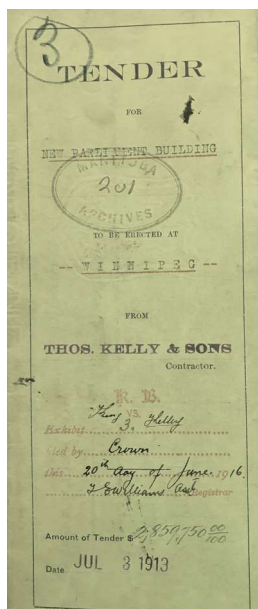
31	4pm	419	E. J. Elliott	Roblin	Merchant	✓	Canadian	Conspire to Defraud	8	Remanded to other Court
31	4pm	420	E. J. Elliott	Montague	Physician	✓	Canadian	Conspire to Defraud	8	"
31	4pm	421	E. J. Elliott	Coldwell	Barrister	✓	Canadian	Conspire to Defraud	8	"
31	4pm	422	E. J. Elliott	Howden	Barrister	✓	Canadian	Conspire to Defraud	8	"
31	4pm	423	A. M. Donald	Langston	Prostitute	✓	English	Drunk on the street	1	Convd & Repr
31	4pm	424	J. H. Paddison	Morrisette	Laborer	✓	Can	Drunk on the street	1	Convd - Sen - Suspnd
31	4pm	425	A. M. Donald	Walker	Broker	✓	Canadian	Drunk on the street	1	Convd - Sen - Suspnd
31	4pm	426	W. P. Tracey	Scott	Married Woman	✓	British	Drunk on the street	1	Convd - Sen - Suspnd
31	4pm	427	J. Bell	Puchalski	Laborer	✓	Polish	Drunk on the street	1	Convd - Sen - Suspnd

of guilty of obtaining money by false pretences had the conduct of the case been entirely free from all the alleged errors of omission and commission". Kelly was subsequently sentenced to 2½ years in Stony Mountain Penitentiary.

Citing poor health Kelly was released from Stony Mountain on August 23, 1917. He moved back into his home in Winnipeg and later went to Kansas where he was awarded several large contracts that were also surrounded in some controversy. In addition he undertook contracts in Missouri and Oklahoma and a large oil strike apparently returned him to financial success. The civil matters against Kelly were concluded when he offered to turn over a number of properties in Winnipeg on Hargrave, Clifton, Adelaide, Notre Dame, Wellington and Ross streets and in Tuxedo, Transcona and St. Charles, to a value of \$1.2 million. He subsequently died in Pasadena, California, in 1939.

According to Public Account records McRae was paid \$4800 for his work through 1916; almost double that of Chief Elliott. When a breakdown for these fees was requested in the legislature in February 1917, Attorney-General A.B. Hudson stated "the whole value of detective service would be destroyed if the government was obliged to place on the table statements as to what they were doing". Further that he (Hudson) was under responsibility to others, and it would be improper for information which came to him in a confidential way to be placed before the public.

What McRae was doing was investigating the possibility of other political improprieties and possible jury tampering until March 1917. He was the main witness in the "Galt Inquiry" headed by Justice Alexander Galt into other monies paid to Thomas Kelly and possible collusion with the conservative government during the construction of the new Agricultural College (University of Manitoba) buildings. During that Inquiry McRae retained the services of a number of undercover agents or "operatives", some from the Theil Detective Services Company, to collect evidence on various individuals.



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As for Roblin, Coldwell and Howden, the jury was deadlocked, resulting in a mistrial on September 5, 1916. In June 1917 when they appeared in court to set a new trial, Crown Attorney Robert Bonnar, with the approval of Justice Prendergast, dismissed all the charges owing to Roblin's poor health. Roblin subsequently died twenty years later while on holidays in Hot Springs, Arkansas, in 1937.

While Justice Galt found there to be a conspiracy between Kelly and Robert Rogers, the provincial Minister of Public Works, to (a)

provide moneys for the Conservative Campaign Fund, and (b) to provide Thomas Kelly with funds out of the Provincial Treasury, over and above what he might legitimately earn totaling \$302,789. Upon further review by a Royal Commission headed by Ezekiel McLeod, Chief Justice of the Province of New Brunswick (Rogers was now the Federal Minister of Public Works), it was felt that Galt had erred and that Rogers was not involved in the conspiracy when they released their findings in August 1917.

As for McRae, his term as Commissioner of Police in and for the Province of Manitoba expired on May 1, 1917, shortly after Justice Galt released his final report and likely when the Province had already decided they were not going to retry Roblin, Howden, and Coldwell. He died on July 19, 1921, after a protracted illness at the age of 62.

Besides McRae's career, it is also remarkable that this case progressed through three Commissions of Inquiry (including the "Perdue Inquiry" in 1915 into whether there was a backroom deal between the Liberals and the Conservatives to make the Kelly matter go away if the Conservatives just stepped down), two different criminal jury trials, extradition proceedings that went all the way to the United States Supreme Court, and an appeal to the Supreme Court of Canada -- all in less than 2 years.

From the forthcoming book "Pioneer Policemen: The History of the Manitoba Provincial Police 1870 to 1932" by John Burchill and Jack Templeman. Footnotes omitted for length.