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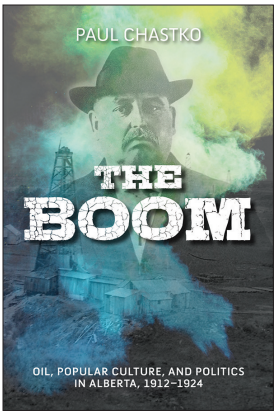

THE BOOM: OIL, POPULAR CULTURE, AND POLITICS IN ALBERTA, 1912–1

by Paul Chastko

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Public Interest Versus Private Rights: Judge Alexander A. Carpenter's Commission and the Big Boom's Big Hangover

I think there is a misunderstanding with regard to the intention of the directors of the company. Everybody was, about this time, wondering how they were going to get along and hold their leases. The whole atmosphere of the time you are investigating should be taken into consideration. I believe if that is done it will explain a large part of what was done, [and] was tolerated by the company.

—H.P. Carver
Director, Western Canada Oil Company
Testimony before the Carpenter Commission
August 19, 1915

How can it be said that the private affairs of a company is a public matter. It may well be that some members of the public are affected by them, but that does not make them a public matter.

—Alberta Chief Justice Horace Harvey
October 5, 1915

By the spring of 1915, the attorney general's department had arrived at a crossroads. Indeed, it seemed that hardly a week passed without the attorney general's office receiving complaints from defrauded investors across North America wondering what happened to their money. With dozens of ad hoc investigations under its belt, and jilted investors asking questions, the attorney general's office decided to tackle the issue head on and appoint a judicial commission to make a full and complete inquiry into the oil industry. Creating a commission was a bold move, serving as a tacit admission that the events of 1914 had created a crisis that required a more robust response from the government. The flagrant and open way in which some oil companies swindled investors demanded a public response to re-establish investor confidence in Calgary oil companies. A commission could address several imperatives simultaneously, including creating a public record of what happened; identifying areas of weakness in legislation; addressing the government's critics; spreading information quickly and efficiently to investors about criminal behaviour; and providing the justification for an expansion of provincial power over the regulation of industry.

Endowed with sweeping powers to call witnesses, gather evidence, and compel testimony, the commission, headed by Calgary judge Alexander A. Carpenter, raised uncomfortable questions about how far the provincial government could, or should, go to protect the public interest at the expense of individual initiative. While the commission's overall aim of establishing a common narrative of what happened during the boom was laudable and answered the demands of investors that the Sifton government "do something," some suggested the Carpenter Commission grossly overcorrected at the expense of individual rights. Complicating matters further, the commission revealed both the necessity and potential of government oversight with its investigation of Western Canada Oil Company (WCOC) and the actions of one of its board members, Julian Langner. Known to police before the boom as a convicted white-collar criminal, Langner established himself as a real estate broker and first secured a position with Stephen Beveridge's Rocky Mountain Oil Fields before joining WCOC as secretary and treasurer. Members of WCOC's board of directors claimed Langner took advantage of the chaotic and frenzied conditions created by the boom to hide his frequent and persistent raids of the company treasury, use of company funds to settle personal debts, and manipulation of Western Canada stock. Critics retorted that the board of directors failed to fulfill their fiduciary responsibilities to the shareholders and exercise proper oversight. Regardless, the meticulous way the Carpenter Commission laid out the various schemes, kickbacks, and

bribes at the company shocked even the most jaded oil promoters. Was this how all oil companies operated?

Industry boosters like the *Albertan* responded quickly to the revelations by stoutly defending the industry and questioning the commission's motives. On the one hand, the *Albertan* argued that citizens succumbed to a mob mentality during the boom; everyone made poor choices in the spring of 1914 and the province should leave well enough alone. On the other hand, the editorial page waged a campaign to shut down the inquiry immediately by arguing its investigation was not in the public interest. Both responses indirectly absolved Langner and the board of directors of responsibility for their actions. While subsequent hearings failed to generate the same sensational headlines, they spooked George Buck, who feared what an investigation of Black Diamond might reveal. Just as Carpenter prepared to focus his attention on George Buck and Black Diamond, Buck's new attorney, Alexander A. McGillivray, secured a court injunction temporarily shutting down the commission by claiming its orders-in-council improperly allocated powers to the commission it did not have, setting up a fateful challenge before the Court of Appeal.[1]

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The spring of 1915 saw the Sifton government pass the Public Utilities Act, which carved out a greater role for the province in the regulation of public utilities. At the time the legislation was passed, though, the government did not claim an oversight role for the petroleum industry for its new institution. But for months, the attorney general's office conducted a series of investigations stemming from public complaints about the actions of individual oil companies and now concluded that volume was sufficient to warrant a general inquiry. On June 22, 1915, Attorney General Charles Cross announced the creation of a commission to be chaired by Judge Arthur A. Carpenter of the District Court of Calgary and assisted by Edmonton lawyer Frank Ford, KC, and Calgary Barrister Gregory A. Trainor. The commission would hold hearings in both Calgary and Edmonton to investigate "all complaints regarding the operations, and failure to operate of oil companies in Alberta."[2]

Judicial commissions tend to limit their purpose—either to a policy review or a factual inquiry. Policy reviews provide policy recommendations to the government. Factual inquiries, on the other hand, seek to establish a collective understanding of what happened.[3] The Carpenter Commission clearly fell into the second category. However, the mandate of the inquiry was breathtaking; Carpenter claimed the authority to summon witnesses to give evidence and for companies under investigation to produce all documents

he deemed necessary.[4] The province determined it had the authority to do so under chapter 2, section 1 of the Public Inquiries Act of 1908, which enabled the cabinet to appoint a commission "to enquire into and concerning any matter within the jurisdiction of the legislative assembly and connected with the good government of the province or the conduct of public business thereof."[5] On July 5, 1915, the Sifton government provided additional details about the scope of the commission's mandate, deeming it "expedient that Inquiry be made into the promotion, incorporation, management and operation of the various companies incorporated by and under the authority of the company ordinance," specifically, chapter 20 of the Ordinances of 1901.[6] The commission enjoyed sweeping powers to examine the general history of the hundreds of oil companies created during the boom.[7]

In Carpenter and Ford, the commission boasted two of the best legal minds in the province. Originally from Hamilton, Ontario, Judge Arthur Allan Carpenter graduated from University of Toronto law school in 1894 at the age of twenty-one and then studied at Osgoode Hall and attained his law degree in 1897. After admission to the Law Society of Upper Canada, he practised law in Hamilton for six years before moving to Innisfail, Alberta, to establish his law practice. First appointed judge for the district of Macleod south of Calgary in 1907, Carpenter transferred in 1910 to the city, where he established himself as a pillar of the community. More recently, Carpenter had headed the provincial investigation into the June 1914 Hillcrest mine disaster that claimed the lives of 189 miners—Canada's worst mining accident. Lawyer Frank Ford hailed from Toronto and graduated from Trinity University before attending Osgoode Hall. Called to the Ontario bar in 1897, Ford served as secretary and solicitor to the premier, attorney general, and treasurer of the Province of Ontario from 1898 to 1903. Then, after moving west in 1904, Ford became deputy attorney general in Saskatchewan in 1906 and served in that position until 1910, when he moved to Edmonton and practised law with the firm Emery, Newell, Ford, Bolton, and Mount. His career was particularly distinguished, as Ontario, Saskatchewan, and Alberta all named Ford King's Counsel. In 1926 Ford joined the Alberta Supreme Court as a trial judge.[8]

Not surprisingly, given its stance toward the flotation of oil companies in late 1913, the *Herald* heartily approved the decision but thought it akin to "locking the stable door after the horse has been stolen." A year earlier, the commission might have prevented the "methods which have resulted in investors being separated from a great deal of hard-earned cash." Nonetheless the *Herald* believed the decision was a good one, especially considering the

ongoing search for crude in the province. "Once the public learns just how its money has been spent it will perhaps be in a better position to decide what to do, should the temptations which were placed before it a year ago again be presented."[9] The *Edmonton Journal* welcomed the creation of the commission but lamented that the province had not adopted restrictions earlier. "One thing, however, may be accomplished by the commission," offered the *Journal*. "It should be the means of showing the necessity for restrictive legislation that will prove of value when future oil booms are launched."[10]

Other editorial opinions were more effusive. The *Red Deer Advocate* expressed its full confidence with the appointment of Carpenter and Ford. The latter selection drew much praise from the *Advocate* and served as "sufficient guarantee of the Government's desire to make the enquiry thorough."[11] *The Claresholm Review* wrote, "We understand it is the wish of the government that all assistance be given by the public . . . so that we may be able to purge this valuable industry from wrongdoing and improper manipulation." *The Western Standard* also applauded the move and argued that Calgary's reputation was at stake. "We do not want it said of us that, as a municipality, we have winked at the robbing of those who would put up money in the expectation that it would be spent in exploiting the Alberta oil field," wrote the editors. "The inquiry will be empowered to make sweeping recommendations and in the carrying out of these the city should be prepared to take part." A few weeks later, *The Weekly Standard* reasserted its position on the necessity of prosecuting those who broke the law but drew a careful distinction between law breakers and "reliable companies which started business and were obliged to stop for lack of sufficient funds even before they got very far." In those instances where investors drilled a dry well, they chalked their setbacks up to the vicissitudes of the market. But "it is the people who did nothing but sell certificates—worthless 'scraps of paper' that will probably have to give an account of their stewardships and it is time that they were brought to an account."[12] In Kingston, Ontario, the *Whig-Standard* reported that nothing less than "serious embezzlement charges will arise out of the investigation and that drastic action will be taken to clean up the whole oil situation."[13]

In addition to standard press coverage, the attorney general's office forwarded a memorandum on July 2, 1915, to all newspapers on its patronage list about the appointment of the commission and then watched papers to see if they used the information in a story. A week later, at least one newspaper, *The Alsask News* in Saskatchewan, received a follow-up letter from the acting deputy attorney general, G.P.O. Fenwick, asking if the paper used the memo's information in a story yet. "If you have not already published a news item

in connection with this, would you be good enough to do so at once."[14] The memorandum carried out its intended aim, as publicity about the commission brought a flood of new complaints to the attention of the department as well as positive commentary from investors. One investor, J. Paton from Vernon, British Columbia, congratulated and thanked the attorney general for appointing the commission. "If you are satisfied that there was no fraud on the part of Mr. Macalister and his colleagues then no doubt the steps taken will be satisfactory. On the other hand, an example once made of such bad business methods would assist in preventing a recurrence in the future."[15] Others provided further details and complaints, like J.A. Ramage of Red Deer, who wrote that the Red Deer Oil and Gas Company only issued him a receipt for the fifteen dollars' worth of shares he bought. He later learned that "the Company does not intend to issue [shares.]" The previous fall, the company wrote to stockholders offering a refund if they so desired. After he informed the company that he would like his money returned, nothing happened for a few weeks until Mr. Ramage received a second letter offering him a cash settlement but only if he accepted fifty cents on the dollar. Ramage refused to settle on those terms. "All I want is a square deal and something to show for my money," he wrote the deputy attorney general, "and I think these people should be forced to either issue their shares or refund the stockholders their money."[16] Elizabette Green of St. Vincent, Maine, wrote that she would follow the Carpenter Commission very closely as she had fifteen dollars "tied up" with the Premier Alberta Oil Company. While this might not be a lot to some, "it's a great deal to me in these strenuous times."[17] Brimming with confidence at the material already assembled by the attorney general's office, Judge Carpenter told a reporter, "There are plenty of written complaints to start work on."[18]

On the eve of the commission's opening, *The Toronto Globe* published an editorial, later reprinted in full by the *Edmonton Journal* and *The Red Deer News*, on the aftermath of the boom. Noting that only a year had passed since Alberta "was effervescing in all the excitement of an oil boom." Companies, and stock exchanges had formed quickly and floated their shares to willing investors. Some who got in early made a fortune on paper as the market took off. "This is the way with all such booms," observed the paper. "Everything soars along to the crest, and beyond that the drop is quick and complete." Now that a commission had been formed to investigate the oil companies the focus would be on complaints "in connection with exchange transactions or dealings with company officers," and the editorial subtly urged people not to forget that another party bore some blame. The government's attempt

to "rescue ill-fated speculators is praiseworthy, but somewhat belated." The Toronto paper wondered why the government had continued issuing provincial charters to "patent frauds" the summer before and did not adequately monitor company activities. Officials in other jurisdictions on the prairies, namely Manitoba, had enacted "blue-sky" legislation and appointed public utility commissioners; why not Alberta? The Sifton government "let the oil boom overflow the channels of safety." Acknowledging the idea of moral hazard and arguments that "it is no duty of governments to protect foolish investors against the consequences of their folly," the piece also noted government's obligation "to ensure fair play in the disposition of their money." Canadian laws and regulations regarding resource extraction "have been far too lenient." But launching the investigation and "rounding up parasites who designedly fleece too-easy speculators would help in producing better future conditions."[19]

Weeks of anticipation culminated in the opening day of the Carpenter Commission, July 13, 1915. The *Albertan's* editorial page wondered if the oil probe would "'strike oil' at the very first go off, or must there be many weeks of patient drilling before anything substantial is reached? Or will the judge drill a 'duster?'"[20] At ten a.m., oil company lawyers filled Judge Carpenter's courtroom to the brim and a stack of letters a foot deep from disgruntled stockholders greeted the commissioners. Interestingly, most of the correspondence came from eastern Canada and the United States (with Philadelphia and Detroit being most prominent).[21] The letters alleged no crime, nor made specific allegations of criminal wrongdoing; many simply said that investors had paid good money for now worthless stock and wanted restitution. In his opening, Judge Carpenter began by tamping down public expectations, emphasizing that, while the provincial government had ordered the investigation, this did not necessarily mean investors would recoup lost investments. In some cases, Carpenter solemnly said, the money was long gone. In others, investors might be able to recover funds by initiating legal proceedings against the responsible company officers. Carpenter then got straight to the point. "The principal object of the investigation by the commission is to advise stockholders whether they have a civil or criminal action against officials of the erring oil companies."[22]

Carpenter's statement displayed few illusions about the daunting task ahead. Proving crimes was difficult due to the very lax regulatory environment. A company might claim capitalization of a million dollars and list a particular leasehold as an asset on its prospectus. When the company purchased the lease from the owner—usually a member of the board of directors,

and usually at an inflated price, say $600,000—the company's directors divided the profits from that sale between them and left only $400,000 for the development of the field (securing a drill crew, building a derrick, drilling for oil). But another problem existed. As Carpenter explained, the 1911 Companies Act in force at the time of the stock market frenzy permitted companies to issue large volumes of promotion stock versus treasury stock. Companies would issue promotion stock to brokers as an incentive to sell their product. When brokers dumped the promotion stock into the market, it would compete against the smaller volume of treasury stock. Inevitably, with larger volumes of stock available, prices fell. Anticipating the question about the legality of the practice, Judge Carpenter demurred, citing the idea of moral hazard. "If a man had a prospectus in his hand and read it and in spite of the fact that it showed that the company was a very bad investment, he proceeded to put his money in, he would have himself to blame." In such a case, moral hazard declared it was not government's responsibility to nullify the poor decisions of the investor. However, Carpenter also identified two scenarios where the investor could seek some recourse. The first was when the company did not have the assets listed in their prospectus on hand when they applied for their provincial charter. The second was if a company sold stock before securing mineral leases from the Dominion Land Office or before receiving their charter from Edmonton. In either of those two instances, company officials would be potentially liable to possible civil or criminal action. Given the lengthy delays the Dominion Land Office experienced in processing applications and issuing leaseholds the winter of 1913/14, this latter scenario seemed very likely in some cases.[23]

Despite reams of letters sent to the attorney general's office, the investigations conducted by the Pinkertons, and Carpenter's own statement to the *Herald* the day before that there was plenty of work to do, Carpenter now claimed he was unable to begin the inquiry: public complaints failed to specify corporate wrongdoing. After weeks of preparation, it proved a shocking twist few had anticipated, and it was far from a good look. "People who kicked verbal holes in oil companies," wrote the *Albertan*, "complaining of inability to get value for money, had neglected to back up their complaints with any definite evidence."[24] No accusers were in the courtroom, just lawyers. In retrospect, the Carpenter Commission's apparent stumble left a poor first impression. Convinced that it would be an easy matter to prove wrongdoing by the oil companies, few investors had bothered to put in the necessary work of making a case.

Having created an inquiry that now sat twiddling its thumbs, the attorney general's office arranged to insert public notices in major Alberta newspapers advising that "anyone having complaints to make against any Oil Company can address their complaints to Judge Carpenter, or can personally consult G.A. Trainor."[25] A memo for Fenwick on August 5 pointed out that the justice department had failed to include similar notices in *The Medicine Hat News* and the *Lethbridge Herald* in cities where investors bought large quantities of stock. "The public," advised the official from the provincial treasurer's office, "should have notice through the local papers." Fenwick promptly forwarded the message directly to Judge Carpenter.[26] In the meantime, less than a week before the inquiry resumed, Calgary-based barrister Gregory Trainor asked the attorney general's office for a $100 advance to cover disbursements for witnesses to appear, raising the question of which department or entity was covering the costs of the investigation. Fenwick forwarded the request directly to Attorney General Charles Cross along with a request to have an order-in-council put through "making the expense of the investigation payable out of general revenue, or at least a part of the expenses." Fenwick noted that the investigation would be one that benefited the entire government and, to date, all the revenue had gone to the provincial secretary's department. The commission "is liable to be quite expensive," and Fenwick reported the attorney general's office "is not in a position to stand it."[27]

After a month-long delay, on August 16, the commission laid charges against eight oil companies—Western Canada Oil Company, the Canada Crude Oil Company, Herron-Elder, Monarch Oil Company, Alberta Petroleum, Phillips-Elliott, Union Oil Company, and Black Diamond. Shareholders levelled complaints against another twenty-five companies, mostly hoping to recoup their investments. In the debate between the public interest and private rights, one local paper left little doubt where its loyalties lay. "Let us hope that this oil probe will do its full duty," commented *The Calgary News Telegram* as it exhorted witnesses to embrace their responsibility "of giving evidence on someone else." The *News Telegram* argued that only a thorough housecleaning would restore investor confidence in Alberta, and the paper seemed to question whether the attorney general's office had gone far enough. "A government audit of the books of all the oil companies whether under suspicion or not would help in the purging process."[28]

Aware that the opening investigation would set the tone for the rest of the inquiry, Judge Carpenter personally selected Western Canada Oil Company (WCOC) to be the first company examined when the hearings reopened on August 18, 1915.[29] Back in the heady days of May 1914, WCOC was both eager

and desperate to start drilling to cash in on the boom. But, undercapitalized from the start—the firm's prospectus showed it only had $75,000 in its treasury before acquiring four sections (2,560 acres of leases) from John F. Eastwood (who was also a company vice president) for $25,000 in stock and $7,500 in cash—the company compounded the error by making a series of questionable decisions. Determined to sell as much stock as they could quickly, the directors announced they would pay brokers a 25 percent commission on the sale of the remaining $50,000 of stock. The decision sold more stock but hurt the firm's bottom line. After paying the sky-high commissions, only $30,000 remained in the treasury for development of the leaseholds—$10,000 short of the average cost required to drill a single well. Land-rich, but short on cash, the directors were determined to spud in a well with outside financing to either develop or retain their eleven leaseholds.[30] That's when Julian Langner, WCOC's twenty-five-year-old fiscal agent, began his machinations.

A quasi-reformed white-collar criminal originally from London, England, Langner had a history of separating unwary investors and inattentive corporate directors from their cash. Arriving in Calgary in October 1911 near the end of the real estate boom, Langner billed himself as an estate agent and land surveyor by profession and landed a position with the Co-Operative Small Investor's Company, a small investment firm capitalized at $10,000. That company folded in early 1912 after Langner's arrest on four charges of obtaining money under false pretenses. Placed on trial before Judge Carpenter, Langner convinced the judge to be lenient because of his inexperience and sincerity. Left unsupervised by a lackadaisical board of directors, Langner claimed to be doing his best but made mistakes along the way and found himself accused of diverting company resources to his personal use. After finding Langner not guilty on all charges, Judge Carpenter addressed Langner directly, saying, "I hope that this will be a salutary lesson to you and teach you for the future not to indulge in any fantastic flights of high finance."[31]

Langner's brush with the law did not prevent Western Canada Oil Company's directors from retaining him as their secretary and treasurer shortly after the company formed in September 1913.[32] In this capacity, Langner approached banker H.P. Carver of the Dominion Trust, who also served on Western Canada's board of directors, to secure outside development capital. Carver knew Langner well, having done business with him in the past, and in the heady days of May 1914, plenty of outside investors eager to get into the oil fields arrived daily, including H.W. Leyens from Vancouver. With previous experience in civic and bank bonds, Leyens wanted to broaden his portfolio to include Alberta oil. With the city in the grip of a frenzy,

Leyens became intoxicated by the promise of a quick and easy fortune. Leyens later told *The Vancouver Sun* that he was impressed by the degree to which Calgarians offered moral and financial support to the companies struggling to get off the ground; Calgary's solicitors were so overwhelmed, he reported, that they took meetings late into the night and recalled that one solicitor scheduled a meeting at three a.m.. Carver arranged to introduce Leyens and Langner in exchange for a 10 percent commission or $2,000.[33] Carver then introduced Leyens to the WCOC's directors and the two parties struck a deal that created a new company, Lion Oil. Lion Oil purchased eight quarter sections from WCOC for half a million dollars on paper—the actual financing was $200,000 in cash and 600,000 shares in Lion Oil valued at one dollar each. Leyens received half the shares as his commission for bringing the deal together, leaving the rest—300,000 shares—for Western Canada.[34]

The deal temporarily transformed Western Canada Oil Company into one of the early darlings of the oil boom. After the deal was announced on May 23, 1914, Western Canada's stock value increased 400 percent, establishing Langner's reputation as a big-time promoter in the process. Within weeks, Langner was a flurry of activity, emerging as secretary and treasurer of three other companies—Lion Oil, the Pittsburg Oil Company [*sic*], and the Peerless Oil Company—as well as forming a syndicate with seven other associates to drill near the Monarch well in the Olds district. A circular sent out to shareholders in Western Canada urged them to invest in Peerless Oil. Claiming "a large number of the shareholders who have made considerable money as a result of their getting in 'right' in the Western Canada," Langner also claimed that Peerless had acquired certain lands "which have been FAVORABLY REPORTED UPON BY MR. E.H. CUNNINGHAM CRAIG" and assured investors that drilling on the site would begin as quickly as possible.[35] To the press, Langner claimed the situation looked promising. "We are going to put our own money into it and take a chance."[36] In an advertisement in the *Spokane Chronicle,* Langner launched his appeal to investors in his new venture, the Peerless Oil Works, by claiming the new company was organized along the same "strong, conservative basis" and "sound financial backing" as Western Canada Oil Company.[37] Behind the scenes, though, Langner was far from confident. When Carver came to collect his $2,000 commission from Langner for helping to put together the Lion deal, he found the promoter exceedingly reluctant to pay up. Langner tried to briefly back out of the agreement before giving way. Over a year later in front of the Carpenter Commission, Carver testified he knew Langner was in some kind of financial

trouble. After he encouraged Langner to keep paying his debts, Langner complained to Carver that every solution to his money problems was "blocked."[38]

In the meantime, Western Canada Oil Company signed a contract with Janse Drilling and activity began on the company's lease. Janse Drilling built the bunkhouses and hauled equipment and machinery out to the drill site. However, despite the recent sale to Lion Oil, Western Canada experienced a cash crunch, and shareholders, who believed the deal would provide the funds necessary to drill, were furious and angrily demanded to know what had happened to the money from the sale. Backed into a corner, Western Canada's directors sent a letter to shareholders on July 15, 1914, clarifying the terms of the deal.[39] The fine print signed with Leyens and Lion Oil revealed the Vancouver money man secured half of Western Canada's assets with no cash changing hands. The contract stipulated that Western Canada's $200,000 would come out of the proceeds from the first stock sold *after* Lion Oil secured $50,000 for the development of leases. By August 1914, WCOC had yet to file a financial statement and activity on the company's leasehold ceased as the derrick packed up and disappeared. A letter to the editor of the *Herald* wondered loudly what had happened to the money investors placed in the company and whether Lion Oil could retain the former WCOC leases without paying any money.[40] By April 1915, a preliminary investigation by shareholders in the Western Canada Oil Company strongly urged the province's attorney general "to undertake a complete investigation of the affairs of the company with a view to taking criminal proceedings against the former secretary treasurer, Julian Langner," who promptly left Calgary for California along with $22,660 (approximately $710,500, adjusted for inflation) from Western Canada's treasury.[41]

Despite his unassuming title of fiscal agent and secretary, Julian Langner effectively served as the most powerful person in Western Canada Oil Company, in part because of the lackadaisical oversight provided by the board of directors. As fiscal agent, Langner controlled and set prices for the company's stock. "Today they were to be at par $1," complained the *Butte Miner*, "tomorrow $2, next day $3, then $2.50, then $3, and so on, up and down to $10."[42] Unfortunately for investors, Langner treated the company like his own personal bank, literally giving away 10,000 shares of treasury stock instead of vendor's stock to friends and acquaintances in exchange for loans or as repayment for past favours. In other instances, Langner gave bonus shares to people without seeking payment. He advanced $600 out of the treasury to Leyens to pay for the incorporation of Lion Oils and then, when Western Canada's share price sat at five dollars a share, Langner sold 1,000 shares of

Western Canada at two dollars a share to Leyens. The company's auditor later found that Leyens received the shares in exchange for a promissory note that remained outstanding. Langner even arranged to put through a $700 loan to one of the directors from the company's treasury with no expectation of repayment.[43]

The Carpenter Commission's first witness, Western Canada's auditor William Ireland, painted a damning portrait of corporate malfeasance and near-criminal incompetence. Despite the litany of other mistakes, one decision by Western Canada's board of directors looms as an exception—hiring accountant William Ireland to audit the company's books. He performed his first audit in October 1913 and found everything in order, but during the second audit on December 30, 1914, Ireland could not make sense of the company's finances at all. Missing invoices and sketchy entries in the ledgers raised alarm bells for the accountant, who then sought out the company secretary treasurer. Questioned about the books, Langner became evasive, avoided giving direct answers to questions, or equivocated, prompting Ireland to ask Langner for all the original contracts with sales agents. Langner produced some but not all of them, forcing the auditor to do some more digging on his own. Ireland expressed shock at what he found. One sales agent received an option from Langner to sell shares the ledgers indicated were already sold, but at neither time did the company receive any money for those sales. When Ireland questioned the sales agent further, he learned that Langner practically gave the agent 2,029 shares as a present because "Langner wanted certain shares he had to sell handed back to him." The 2,029 shares of company stock were to "compensate any loss he might realize in the transaction." Alerted to what could generously be termed an accounting irregularity, Ireland dug deeper into the company's records. After going through the register of stocks, Ireland told Langner he had found a discrepancy he wanted Langner to explain. Langner promptly left for California, never to return.[44]

To the Carpenter Commission, Ireland testified that he discovered the books poorly kept and the records in shambles. Langner lumped all stock, both treasury stock and promotion stock, together; so too for the proceeds of stock sales. Only after months of patient work—consulting and cross-referencing the cash book and certificate stubs—did Ireland piece together Western Canada Oil Company's finances. Ireland found records for 23,417 of the 39,711 shares sold for cash. The books of the Dominion Trust company, who served as transfer agents for Western Canada, showed they issued 26,194 shares for prices between $1.00 and $8.66 per share. Altogether, records indicated that the total amount of money paid to WCOC for shares sold should

have been $76,654. But Ireland discovered a discrepancy between the books, the company's statements, and the records of Dominion Trust—5,629 shares were unaccounted for, along with $28,393 in cash. Ireland could not explain the shortage except by pointing to the sale of a block of 3,000 shares that supposedly sold for $25,500.00; a receipt was issued for the sale, but no corresponding deposit showed in the company's bank account. "I knew this money had gone from the company," said Ireland, "and I came to the conclusion that Secretary Langner still has it."[45]

Testimony before the commission also revealed that days before the Dingman strike, on May 12, 1914, Langner signed a new contract with Western Canada that, among other provisions, authorized him to sell 40,000 shares at one dollar. A second signed contract provided Langner an option to pay 10 percent on 28,000 shares with the balance due in fifteen days. According to the terms, the company received the first dollar, Langner the second dollar, and the company the balance on any price over that. But "by some remarkable bookkeeping and crossing of cheques" the company did not receive any payment at all for these two contracts. As far as Ireland could tell, Langner made no attempt to carry out the contract as shown in the books. Furthermore, records kept for 14,000 stock certificates sold at the peak of the boom in May 1914 did not list the sale price. Western Canada's premium account should have recorded stock sales worth $36,943 instead of the $14,274 listed, leaving a hole of approximately $22,660 in the company's books. Ireland also revealed that various corporate directors received an estimated 1,270 shares, representing $85,000 worth of stock, as gifts. All told, it appeared that Langner managed to embezzle at least $22,660 from the company's treasury, although the strong intimation was that the total was much higher—$55,053 ($1.7 million adjusted for inflation)—if the missing $28,383 in stock sales was included in the total. This total does not include the unknown amount Langner sold the 68,000 share options for.[46]

The day's session concluded with the testimony of company director John F. Eastwood, who carefully explained that he was a director when the company launched, took a step back in early 1914 before Langner's reign, and resumed control of the company in the spring of 1915. The commission wanted to know if Eastwood ever spoke to the other directors about the company. Eastwood replied that he had, "but they did not seem to bother much about it." Then Eastwood acknowledged several deals "very carelessly" carried out, including seven transactions Langner authorized, transferring $8,500 worth of shares as gifts to members of the board of directors. When the company attempted to collect payment, only one, Dominion Trust's H.P. Carver, made

payment. But Eastwood admitted the road ahead would be difficult. Many important transactions never found their way into the company minutes, making it difficult to determine if any more surprises were on the way.[47]

Commenting on the first day of hearings, the *Albertan* noted that "the revelations made caused the band of hardened oil speculators who formed most spectators to almost gasp. Every offense on the limited company calendar seems to have been committed, speculation, slipshod methods, lax directors, handing over stock promiscuously for nothing, taking cash without accounting for it—no contravention of the legal or moral canons seemed to have been overlooked."[48] After hearing the evidence laid out by Ireland, Judge Carpenter muttered aloud, "I don't believe anybody had much show in this company except the directors." The *Edmonton Journal* pointed its finger elsewhere, suggesting "such looseness would not have been possible if the government had taken any reasonable steps whatever for the protection of the public."[49]

In many ways, Judge Carpenter accomplished what he wanted to with the selection of Western Canada Oil as the first case. The conduct of Langner and the other directors shocked the public and seemingly illustrated the necessity of broader oversight of the industry in the interests of the public at large. Tempting as it was to blame the entire Western Canada fiasco on Langner, other directors were directly or indirectly complicit in his poor behaviour by their failure to exercise any oversight over Langner's actions. Could businesses really be trusted to conduct themselves in the public interest? By the end of the first day's worth of testimony, the proposition seemed to be very much in doubt.

The second day of testimony focused on the activities of other directors, including those of former bank manager H.R. MacMicking, who arranged the drilling contract with Janse Drilling in June 1914, and H.P. Carver, who helped put Langner and Leyens together for the ill-fated partnership with Lion Oil. Perhaps unsurprising, MacMicking had money problems of his own in the spring of 1914 and the Dingman strike provided the means to resolve it. After interviewing three companies, MacMicking awarded a $10,000 contract to Janse Drilling, claiming to the other directors that Janse's offer was the lowest. However, when auditor Ireland compared the books of Janse Drilling and Western Canada, other irregularities appeared, as one of the conditions in the contract required Janse Drilling to pay $1,000 directly to MacMicking. A second condition that raised red flags with the accountant was a second payment for $26,000 from WCOC to Janse Drilling three weeks later, for a grand total of $36,000 for a 3,000-foot well. Under oath, MacMicking

acknowledged he received a loan from Janse about the same time he awarded the drilling contract and thereafter continued to borrow money from Janse, leaving the impression that MacMicking's decision might not have reflected purely business concerns. But MacMicking was hardly alone in placing his own interests above those of the company. Regarding the partnership with Lion Oil, Langner obscured the actual terms of the deal with Leyens so thoroughly that the other members of the board were completely unaware that no cash changed hands. Thus, when MacMicking signed the contract with Janse Drilling, Western Canada had less than $10,000 on hand and could not afford to make the additional $26,000 payment three weeks later to start drilling, so Janse packed up its equipment and left. Testimony also revealed Langner provided a $700 loan to MacMicking in the form of shares. Asked whether he paid for the shares, MacMicking responded that he understood these shares were a gift from Langner not requiring payment.[50]

Realizing they hardly presented a picture of sound decision making and entrepreneurial acumen, the directors quickly changed tack, pointing a finger at the supercharged atmosphere of the boom. Western Canada Oil Company's directors argued it was unfair to criticize their actions and decisions in isolation; the Carpenter Commission needed to account for and consider the boom's frantic environment—the crush of investors, the number of competitors hustling for the same client, lease, or capital, the need to satisfy shareholders, all the while making the best decision possible with incomplete or imperfect information under incredibly fluid and dynamic circumstances. Not to mention the fact that most corporate directors simultaneously attended to other businesses making demands on their time. Indeed, very few people in Calgary made their living off the oil industry in 1914. Oil was a business they merely dabbled in, some more seriously than others. MacMicking argued his other responsibilities were more pressing, leaving him unable and unwilling to spend all his time around the Western Canada offices "watching things and people." When the examiner alluded to a director's duty of care to gather and assess information, as well as a director's fiduciary responsibilities beyond self-interest, MacMicking declared that during the boom, the directors did their best to obtain accurate information. Despite the board's constant efforts, "they could not find out how many shares were sold."[51]

Other directors of Western Canada, particularly former president A.B. Fielden, were content to let Langner operate on his own. Fielden claimed business was so pressing in May 1914 that he had no time to keep track of Langner's activities because he could barely keep up with the paperwork of signing checks and stock certificates. Questioned by Ford as to why Langner

transferred 1,000 shares to him, Fielden said he believed Langner was simply thanking him for all his hard work. Asked if he ever considered the possibility that Langner intended the shares as a bribe for Fielden's passivity while Langner fleeced the company, Fielden snapped back, "Never for a second." Left lingering in the air was the uncomfortable question as to why Fielden still refused to return or reimburse the company for those shares after the scope of Langner's graft became clear.[52]

Despite stumbling out of the gate, with the Western Canada case the Carpenter Commission established a formidable reputation for thoroughness that sent a shock wave through the oil industry and highlighted two problems for the oil companies to address. The first was the disproportionate profits made by leaseholders in nearly every transaction. In many cases, leaseholders were the first, and sometimes only, people who saw any profit from their activities in 1914. Second was the related issue of the cozy relationship between the companies and their fiscal agents.

Although it had been known since the *Herald's* "flotations" articles in 1913 (see Chapter 2), leaseholders enjoyed disproportionate benefits and profits from the possession and sale of mineral rights to oil companies that were, frankly, little better than lottery tickets. Possession of an oil lease did not guarantee oil existed under that property. Yet this did not stop leaseholders from realizing huge returns—from one hundred to 4,000 times greater than their original investment—by the sale of mineral rights to an oil company. Having "invested" in mineral rights, the oil company then needed to sell treasury stock to the public to finance development. Public expectations were that promoters assumed the same risk as investors; both would only profit if the company struck oil. Furthermore, many investors naively assumed that, since they provided the development capital to drill wells, they would be the first ones to profit. But as *The Western Standard* pointed out, for leaseholders, "it was not a case of 'heads I win, tails I lose.' Heads or tails, oil or no oil, it was a win." As part of the terms of the initial sale of mineral rights to an oil company, the lease vendor also became a director of the company who was the first person paid. In short, the risks of investment were disproportionate, with investors bearing more and directors shouldering less.

The second issue raised by Western Canada related to those instances when an individual, like Julian Langner, served as a director and fiscal agent. Fiscal agents are generally third-party organizations, like a bank or trust company, that handle financial and administrative responsibilities on behalf of another company or organization. However, in many cases in 1914, the fiscal agent was not a third party at all but, like Langner, served as a director

of the company as well, practically inviting a conflict of interest. In his capacity as a fiscal agent, Langner received bonus stock (sometimes referred to as vendor's shares) in Western Canada to dispose of as he saw fit as an incentive to promote the company. Langner could hold onto the bonus stock and profit if the company struck oil; alternatively, Langner could sell the bonus shares for whatever price he could and keep the profits himself. Furthermore, not only did Langner profit by selling the bonus stock, he also double dipped by collecting commissions from Western Canada of anywhere between 15 and 50 percent on all shares he sold. Therefore, when Langner flooded the market with vendor's stock, he undercut sales of the company's treasury stock by selling vendor's stock for less. Western Canada's shares would sell, but if the investor bought the cheaper vendor's stock, their money would not provide any cash toward development of the field, just profits for Langner.[53]

Judge Carpenter and his assistants, Ford and Trainor, embraced their investigatory role with zeal. After speaking with the Carpenter Commission attorney Gregory Trainor, the *News Telegram* promised the probe into the oil companies would continue "to be hot and interesting" based on the headlines generated by the Western Canada investigation.[54] *The Butte Miner* added its voice to those heaping praise on Carpenter, writing that "as the investigation proceeds, it may be possible to introduce more system into the method of examination and thus the maximum ground may be covered in the minimum time; but still it does not appear possible that the investigation can be completed within the next few weeks,"[55] While the *News Telegram* and *The Butte Miner* eagerly anticipated subsequent investigations, the *Albertan* did not. In fact, after the end of the second day of hearings, the *Albertan's* editorial page called for an immediate end to the commission. "There is no need of pointing the finger with 'I told you so.'" Taking up the explanation offered by MacMicking and Fielden that the boom had created a super-charged atmosphere non-conducive to rational decision making, the *Albertan* argued that a collective mania gripped the city for a few weeks in the spring of 1914 and everyone took leave of their senses. "We have learned a lot since then," concluded the editorial with a dismissive shrug.[56]

But the *Albertan's* attempt to exonerate company officials and explain the excesses of the boom as the product of a collective failure obscures more than it illuminates. Not every company employed a Julian Langner, whose questionable practices invited previous legal scrutiny. Nor did every board of directors treat their responsibilities as cavalierly as MacMicking and Fielden. Indeed, subsequent investigations by the commission into Phillips-Elliott, Herron-Elder, and Oils Limited revealed companies competently led and on

solid financial and business ground. The only difficulty these companies encountered stemmed from the war disrupting their operations.[57]

On the other hand, Carpenter's supporters replied that, far from being a kangaroo court bent on smearing the oil industry, the Carpenter Commission carried out its mandate professionally and competently, guided by the facts, not emotion. Perhaps the *Albertan's* editorial opinion on this issue represented a genuine desire to move on from 1914; alternatively, it could reflect more political concerns that revelations from the hearings would harm Sifton's Liberal government for its failure to adequately regulate business or adopt the basic features of consumer protections offered by "blue-sky" laws. Regardless, the *Albertan* downplayed the first month of hearings, claiming the oil probe "is not bringing out anything sensational and, since the initial case, nothing that savors of wrongdoing. There were some foolish things done, to be sure, but who of us is guiltless of that impeachment in connection with the oil excitement of last year?"[58]

Carpenter scheduled George Buck and Black Diamond Oil Fields to give their testimony starting on Monday, September 27. Eagerly anticipated as this testimony was—no other company's stock value had fluctuated as widely and as much as Black Diamond—it was also clear that Buck was determined to prevent investigation of his company. Unsurprisingly, Buck and Black Diamond already faced several lawsuits involving thousands of dollars related to Black's Diamond's corporate practices, record keeping, and attempted stock market manipulation. The litigation had begun a year earlier on August 15, 1914, when Edward Kolb, Amos W. Scott, Frederick C. Smith, and Allan Clark sued Buck on behalf of Black Diamond shareholders. The suit alleged the partners in the Coalinga Syndicate used Black Diamond Oil Fields as a cash cow to enrich themselves and charged them with theft, misrepresentation, and failure to account for funds.[59] Buck's arraignment before Police Magistrate Sanders on September 4, 1914, turned into a spectacle. As Buck and his party prepared to leave the courtroom, H.C. Beattie placed his cap on his head before reaching the door. The court officer, Constable Patrick Dorrian, who enforced Judge Sanders's strict instructions regarding head coverings, forcibly removed Beattie's hat, only to have Beattie strike Dorrian with his hat in return. For that, Beattie was immediately charged with assaulting a police officer.[60]

Another round of lawsuits began, in December 1914, when Martin and Phillips of International Supply Company filing two lawsuits against Buck and Black Diamond for unpaid bills totalling $25,052 in relation to Black Diamond #1 and Black Diamond #2. Filing on December 21, 1914, Martin

and Phillips claimed the sum of $4,423.36 for rental of equipment, cost of materials, and penalties for failing to provide a drilling location. The second suit against Black Diamond #2 company, filed on December 24, 1914, alleged Buck broke the contract with International Supply to the tune of $20,700. Despite drilling Black Diamond #2 to a depth of 1,208 feet, Buck failed to adhere to the terms of the contract requiring $8,000 upon execution of the agreement and balloon payments of $3,000 and $2,000 for drilling the well 500 and 1,000 feet, respectively. "The drilling of the Black Diamond wells," writes the *Herald*, "seems destined to be the subject of considerable litigation." As if to prove the *Herald's* point, Buck countersued for $22,700.[61] Finally, in January 1915, Allan Clark and Fred Smith sued Buck for $30,000 over unpaid commissions for selling Black Diamond oil stock.[62]

Despite the blizzard of lawsuits against him and his company, Buck continued defying the odds, winning ruling after ruling in the courts, prompting him to become even more brazen as he tiptoed through the raindrops. For example, as the Kolb, Scott, Smith, and Clark lawsuit progressed through early November, lawyers for the plaintiffs obtained a court order directing Buck to produce documents that Buck refused to obey, even going so far as to skip out of a scheduled discovery hearing. Acquainted with Buck's tricks from their earlier work on his behalf, the plaintiff's law firm, Lougheed, Bennett, McLaws, obtained a summons for Buck and Jennie Earl to appear at a discovery hearing, only to encounter extreme difficulty in serving the papers. Told that Buck was at the well site, Calgary sheriff F.H. Graham contacted Okotoks bailiff D. McKay Murray with strict instructions that the papers be served on or before November 20, 1914. "I have reason to believe," Murray later swore in an affidavit, "that the said George E. Buck purposely evaded service." On November 20, Murray arrived at the well only to be informed Buck was at his coal mine. By sheer coincidence, a teamster arrived from the mine and Murray asked if Buck was at the mine, only to be told by the teamster that Buck was not there. Murray waited until six o'clock that night before leaving. The next day, Murray wrote to Calgary's sheriff that he believed Buck and Earl "sufficiently kept away" to avoid being served.[63] Murray returned to the well on December 14 and again heard that Buck was not there. This time, however, two of Buck's employees—H.C. Beattie and one identified only as Lawson—barred Murray from entering the derrick. Lawson went a step further, claiming to be a provincial constable and threatening to arrest the bailiff if he tried to serve the papers. "I will make another attempt today," wrote Murray to Graham, "but look for no success under these circumstances."[64] Indeed, the only blemish on Buck's string of favourable rulings came in the

Wolverton suit, when Justice Walsh ruled in favour of Wolverton, ordered Buck to return the contested stock certificates to the plaintiff, and awarded Wolverton an additional $250 in damages.[65]

Part of the reason for Buck's confidence was that he had found one of the most gifted young lawyers in Alberta as his representative. After burning through several law firms in 1914, Buck finally settled on Alexander McGillivray as his preferred counsel. Born in 1884 at London, Ontario, Alexander McGillivray cut an imposing figure in Alberta's legal and political communities. A graduate of St. Francis College in Richmond, Quebec, and Dalhousie University's law school, McGillivray came out west in 1907 and practised law in Stettler, Alberta, until 1910, when he moved to Calgary to form the firm Tweedie and McGillivray. Named King's Counsel in 1919, McGillivray became the Crown prosecutor for several famous trials in the 1920s. McGillivray, noted historian James Gray, personified the public's perception of the eminence of a King's Counsel, working in "striped trousers, morning coats, grey vests, and winged collars, the very personification of unbending formality." A staunch Conservative, McGillivray campaigned in the 1911 federal election for the Red Deer seat but lost. Appointed leader of the provincial Conservative Party in 1925, McGillivray won election as an MLA for Calgary a year later, where he served as party leader before stepping down in 1929. Two years later, at age forty-seven, McGillivray became one of the youngest provincial Supreme Court appellate justices in Canada after joining the Appellate Division of the Alberta Supreme Court. As legal historians Knafla and Klumpenhouwer conclude, McGillivray "was acknowledged as a distinguished litigator with a vast knowledge of legal lore." In 1938, the Province of Alberta named him commissioner for the Royal Commission of Inquiry into the Alberta Oil Industry that produced the "McGillivray Report" in 1940, just months before his sudden death of a heart attack at age fifty-six in December 1940.[66]

While Buck seemed little bothered by the prospect of endless lawsuits, Alexander McGillivray worried a great deal now that the Carpenter Commission appeared to have his client firmly in its sights. At the Black Diamond's statutory shareholders meeting on April 9, 1915, the company disclosed $32,573.75 from the sale of 500,000 shares plus an additional $3,050 loan from the Coalinga Oil Syndicate, giving receipts totalling $35,623.75. From that amount, only $15,196.93—less than forty-three cents of every dollar—went into drilling the well. After paying salaries and expenses, the company reported only $143.38 in cash on hand.[67] Fearing that a public investigation of Buck and Black Diamond would reveal details that could harm his

client's interests in several pending civil actions, McGillivray made a virtue out of necessity by claiming the civil lawsuits precluded investigation by the Carpenter Commission because information that the public hearings might reveal were prejudicial to his client's interests. On that basis, McGillivray asked and received an injunction to prevent Carpenter from compelling the attendance of witnesses and gathering evidence. It was a masterful, and well-executed piece of legal jiu-jitsu that transformed Buck's greatest liability into a strength.[68]

According to the *News Telegram,* McGillivray's request for an emergency injunction on September 22 caught the Carpenter Commission by surprise. Understanding that the court's ruling would directly affect the subsequent operation of the commission, Justice Stewart granted a temporary injunction to McGillivray and turned matters over to the Appellate Division of the Alberta Supreme Court. A banner headline in the *Herald* on September 24, 1915, warned, "Alberta oil probe may be declared illegal."[69]

Before the Appellate Division in Edmonton, McGillivray contended that the orders-in-council underpinning Carpenter's investigation of Black Diamond did not fall under the terms of the Public Inquiries Act that served as the basis for the Carpenter Commission. The legislation delineated provisions for the appointment of provincial officials, such as inspectors, sheriffs, and registration clerks in the public realm. A private company was clearly a different entity than the ones specified within the terms of the ordinance. Furthermore, McGillivray argued that the ability to compel the company to produce evidence against itself would be prejudicial considering outstanding lawsuits pending against Black Diamond and would harm shareholder interests. Judge Carpenter did not have the authority under the orders in council to make an investigation and lacked the authority to either summon witnesses or to compel them to produce documents. McGillivray's appeal sought injunctions restraining Carpenter and the commission from investigating the company or summoning company officers as witnesses to either testify or produce documents.

Frank Ford responded for the commission and argued that the Act intended to provide the government with the power to make enquiries "into and concerning any matter within the jurisdiction of the legislative assembly and connected with the good government of the province or the conduct of the public business." Ford's test, essentially, was that the Act granted authority sufficient to cover inquiries "into any matter which may be the subject of legislation by the legislature." The Carpenter Commission's mandate related to the good government of the province; the court could not restrict

the definition of the term "good government." This prompted a discussion between the lawyers and the justices about the meaning of the word "government;" whether it referred to the administration or operation of the law or the governing of the province.[70]

On October 5, the ruling of the Appellate Division found in favour of Buck and Black Diamond and delivered a scathing rebuke to the government in the process. "A number of objections were taken to the validity of the commission," noted Chief Justice Horace Harvey, "but I do not find it necessary to consider more than one, which appears to me to be fatal." The Appellate Division declared that the Public Inquiries Act provided for a general inquiry, but the commission issued by the executive—the Lieutenant-Governor-in-Council—administering the laws would generate information for the legislative branch. The information collected, admonished the court, "is not for the use of the legislature, but for the use of the executive." The problem lay in the fact that the terms of the Act were too broad. This, argued the court, "and other considerations require them to be restricted." Chief Justice Harvey argued that a reading of the order-in-council "furnishes not the slightest suggestion that the information to be gained from the inquiry is to be used for any legislative or any other public purpose." Furthermore, the order-in council also revealed that "the inquiry is limited almost entirely to the private affairs of the companies and stock exchanges, and the commissioner is given the power to compel the production of evidence even by fine and imprisonment." This raised particular problems for the Appellate Division because the justices believed "statutes should be interpreted, if possible, so as to respect private rights." Presumably, the Act did not intend to "confiscate the property or to encroach upon the rights of persons." More to the point, section 125 of the Companies Ordinance made allowances for an investigation into the private affairs of a provincial company but only "upon the application of some shareholders—that is to say, upon the application of some of those whose private affairs are to be investigated."[71]

Justice Charles Stuart's opinion proclaimed that if the legislature intended to grant the commission those powers "it was necessary for the legislature to say so specifically." Like Chief Justice Harvey, Stuart held that the affairs of Black Diamond Oil Fields were a private matter between the shareholders and the company's officers and did not constitute a matter affecting the "public business of this province." If the attorney general's office needed a silver lining, they could find it in Justice Nicholas D. Beck's separate opinion. While Justice Beck concurred with the majority regarding the commission's misinterpretation of the Public Inquiries Act—"the defendant company was

notified that on a certain date an investigation would be made 'into affairs' . . . the statute does not authorize such an inquiry"—he nonetheless believed the commission could fulfill its mandate without extending the term "good government" to include an investigation of a single company.[72] Nevertheless, the court's decision effectively shut down the Carpenter Commission and sent Sifton's government back to cobble together a new piece of legislation to continue the inquiry.[73]

The *Herald* urged the government to learn its lesson and frame the new order-in-council to withstand all legal attacks and "give the widest possible scope to the investigator." The editorial noted that "it was the will of the people that the oil business of Alberta should be investigated. That is still the people's will and at the worst this knockout blow should mean no more than a setback of a temporary nature." Later, the editorial page dismissed arguments of "there being too much law in this province" and insisted the real problem was political: "too few people in the legislature seem to understand and be able to interpret the law."[74] Bob Edwards responded to the court's ruling with scarcely concealed outrage and expressed growing public displeasure. As Edwards revealed, public anger turned away from the oil companies and began to point an accusing finger at the government and its institutions for failing to protect the public interest. "Those wonderful judges of ours granted the injunction asked for by the Black Diamond Oil company . . . restraining Judge Carpenter from investigating the affairs of that (!!!!!???!!!) company," began Edwards in a tour de force piece that is worthwhile quoting at length because it reveals exactly how far public attitudes had shifted against the oil industry since the heady days of the 1914 boom.

> To the ordinary mind it would seem to be eminently logical that the Attorney General's Department cause investigation to be made into alleged wholesale frauds upon the public. We thought that this was one of the things that the Attorney General was paid to watch out for—frauds upon the public. But it appears that we are wrong. Our Supreme Court judges have decided that alleged frauds—no matter on how large a scale—cannot be investigated.
>
> This is an appalling state of affairs.
>
> These judges claim that the statute does not authorize such an investigation. Yet there is a lot of bunk in the statute about "**any matter connected with the good government of the province or the conduct of the public business thereof**."

> The fact of the matter is that this province is cursed with too much lawyer.
>
> Another thing. This province is cursed with too many small fry in high places. What we lack is big men to take hold of big problems and handle them in a really big fashion, regardless of the precedents and immature statutes. Here we have the public of Alberta, as a matter of common knowledge, victims of a system of colossal frauds in oil stock, and yet the crooks connected therewith are deliberately protected by Supreme Court judges!
>
> Next thing we know, some murderer will be getting acquitted because of a Statute dug up from somewhere is shown to prove that murders are permissible. Hereabouts, subject to certain limitations, and that, anyway, when Moses broke the tablets of stone he automatically nullified the terms of the Ten Commandments.
>
> Too much lawyer. *Trop d'avocat* and too much d_____d ingenuity on McGillivray's part.
>
> There was not one of those judges sitting in the appellate court that was big enough to lean forward from the bunch and say, "See here, the public has been swindled right and left by these oil sharks and has a perfect right to the investigation it demands. Let us therefore ignore this Statute, which was obviously framed by some cheap guy of our own profession, and allow this oil probe to be carried out to a finish."
>
> No. Lawyer-like, these judges clung to the letter of the stupid little Statute and declined to consider its spirit.
>
> And the public who got stung? Oh, to hell with the public. Lawyers and judges must live.[75]

Edwards's column served as the funeral oration for the Carpenter Commission. The ruling left the status of further inquiries in jeopardy. "No government official can be found who will make a definite statement for publication," wrote the *Herald*, before noting that the prevailing belief was that the ruling "put an end to all inquiries being made by the Royal Commission appointed to investigate the operation of oil companies in the province." The paper took note that the court declared that an inquiry was possible provided

the government received the consent of certain stockholders possessing a significant amount of stock. That meant consent for inquiries had to lie with "those actually running the company, the big holders."[76] As Judge Carpenter surmised, the injunction prevented him from producing a formal report on his commission. Later, after the commission ceased its operations, Carpenter wrote Deputy Attorney General Fenwick that it was only in connection with the Western Canada Oil Company that "there appear[s] to be anything radically wrong."[77] Less than a month later, Judge Carpenter received a new appointment on October 20, 1915, as a board member of the newly created Alberta Utilities Commission along with George H.V. Bulyea, and Chairman James E. Reilly.[78]

In the meantime, several companies investigated by Carpenter found themselves embroiled in lawsuits in the aftermath of the injunction; the commission, noted one paper, created "unusually knotty complications in litigation."[79] The Western Canada Oil Company never really recovered, despite a new board of directors, and the company dissolved in July 1916.[80] The court ruling placed individual rights at the centre of the public policy debate, and now the attorney general's office had an opportunity to respond.