

matter was done as a member of that committee. But how does this circumstance affect my original statement? I claimed no special credit in the premises. I only called your attention to the fact that the affairs of the agency had been grossly mismanaged, and that culpable delays occurred in the application of remedies. Mr. Smith says I do not "dare" to connect his name directly with the irregularities complained of. I "dare" to say that the agent was a confidential correspondent of Mr. Smith, and acted for him in procuring proxies in support of his policy; and, moreover, that the relation thus existing was the occasion of reluctance on the part of Mr. Metcalfe in dealing with the agency.

You are told "it is not correct that Mr. McDonald was compelled to abandon the investigation undertaken by the Committee on Agencies." I reiterate my assertion that I abandoned the task because obstacles were thrown in the way of such an investigation as the case required, and because I found a majority of the Board supporting the measures of the late President. The Directors declare "There was no such division." Well, let me give an instance. After the Board became acquainted with the Brown & Chewett arrangement, I moved a vote of censure upon the late President for having granted the original credit, and that motion was not even seconded. Again, when the affairs of the Cobourg Agency were under discussion, Messrs. Metcalfe & Manning, as well as myself, expressed disappointment that the expectations held out by Mr. Smith in recommending a certain course had not been realized. This was in the Committee on Agencies. When the subject came before the Board, the reference was objected to, and was expunged against my vote. Are not these evidences of division?

Much is said concerning my motives, which are assailed both by the Directors and Mr. Smith. Both allege that my difference with the Board dates from the rejection of a proposal for my own advantage which I am alleged to have made. The Directors' version, that "Mr. McDonald, a short time since, made a proposal to the Board which, in the interest of the Stockholders, the members present unanimously felt bound to decline." From that time, they go on to say, "the undersigned observed a marked change in his conduct towards all the members of the Board." Mr. Smith's story is, that on the 29th January last, I applied for a loan of \$100,000, which I wanted "for the purpose of investing in one of the most dangerous enterprises in the United States," and the refusal of which is the cause of my present action. What are the facts? Sometime previous to the date mentioned, a gentleman of high character and standing in this community invited me to take an interest in a large enterprise, which seemed to him to promise great pecuniary results. The operation required considerable banking accommodation, and I promised him that I would speak to the Officers of the Bank, and ascertain if the advance could be conveniently made. The officers told me there was a large amount of idle funds, and that the proposition should be submitted to the Board. Of the nature of the enterprise, I am not at liberty to speak. I may say, however, that it is in all respects legitimate, that I did not commit myself to it either in my intercourse with the gentleman or my communication to the Board, and that I assured both that if the Bank entertained the proposition, before availing myself of it, I should personally investigate the merits of the project, and form my own judgment as to its probable advantages. I further informed the Board that in the event of the accommodation being required, I should bind myself to furnish adequate security for every dollar loaned. In a proposal so made, and accompanied with such conditions, I see nothing irregular, nothing incompatible with the interests of the Stockholders, and nothing of which I have any reason to be ashamed. True, the Board declined the proposal. But the President subsequently offered, on his own authority, to let me have the \$100,000 if I would spread the amount over three weeks! The whole matter, however, had been dismissed from my mind, and I declined his offer.

The supposition that this affair was the beginning of my difference with the Board, is an effort of the Directors' imagination. At no time during my connection with the Bank has there been agreeable relations between myself and some members of the Board. With Mr. Smith, especially, I have steadily refused to act. With Messrs. Metcalfe and Manning there was no interruption of amicable intercourse, until the issue of my circular. Indeed these gentlemen associated themselves with me, in March, in a plan for the purchase of the Toronto Street Railway. But, declare the Directors, I "next endeavoured, under threat of issuing a circular to gain a personal advantage, coupled with a promise" that if my offer were accepted, my "lips would be sealed." I cannot recall any incident which can be tortured into a basis for this calumny. This I remember:—The discussions at the Board, consequent upon the Brown-Chewett revelation, induced me more than once to remark that I should find myself compelled to appeal to the Shareholders as against the management of the Bank. This is the only "threat" with which I am truly chargeable. Out of the Board, the President and the Cashier maintained that the position of the Bank was better than I described it; that not only was the stock intact, but that means were on hand to pay a dividend out of profits. I renewed the conversation on the 17th or 18th of April; observing to the Cashier that if he could satisfy me of the accuracy of his representations, I should confess myself mistaken, and withdraw from the Board and the Bank, of course taking my interest with me. The worth of the stock was spoken of, and I said that if the Cashier's view were tenable, the stock should sell at par, *plus* a proportion of the contemplated dividend, and that at this rate, I for one, was quite prepared to sell. At the time I insisted that the real state of affairs was unfavorable—that not only was the Bank not in a condition to declare a dividend, but that its reserve, or most of it, had been swept away, and disaster could be averted only by the interference of the Shareholders, and the introduction of other management. The Cashier requested me at least to delay the circulation of my circular, which, as the date shews, was then in type, in order that the Bank might realize its advances on produce. In support of this request, he stated that the Bank had already suffered seriously from the want of public confidence; the run produced by the Brown-Chewett disclosures and the Taylor failure having drained the Bank of nearly a million dollars in gold. I complied with the request so far as to delay the issue until the 27th of April; though of the necessity of the sweeping change, I desired to bring about the Cashier's confession was conclusive proof. Beyond these conversations, these statements and counter statements, these declarations *pro* and