

selves to the directors, it is desired that legislative power should be had. I don't know that it is necessary to go into much further detail; you may, however, remark that the progress of the company has been something that you may consider extraordinary. We now stand 9th in the United States, so far as premiums are concerned; our percentage of loss places us about fifth there, so that we are taking the position of what we may call a national company. We should hope that shareholders at large and the public will so far feel the importance of this company as to aid in extending its influence, and certainly not do anything that is calculated to take away its character and position. In order to place the report before the meeting, I move, seconded by Mr. J. B. Duffis, Halifax:—

"That the report of the directors now read, be received and adopted, and printed for circulation among the shareholders.

MR. HENRY LYMAN.—Mr. Chairman, might I ask a question; the question—I ask it purely for information—is whether the provisions which you propose to have incorporated in the amendments to the charter with respect to loans will apply to members of the Board as well.

The CHAIRMAN.—I beg your pardon. I—

MR. LYMAN.—I say with regard to the provision which you propose should be incorporated in the charter with reference to loans to shareholders, do you include members of the Board as well?

The CHAIRMAN.—That matter has not been discussed in its fullest details. I don't see why, because a gentleman is a member of the Board he should be refused a loan. You must understand very well that we have got the property of 3,700 shareholders, against each of whom it acts to a disadvantage. I believe we have a bye-law to the effect that no director shall receive a loan. (Hear, hear.)

MR. LYMAN.—All I can say is, we have seen the evil effects arising from members of a board having the accommodation of loans from banks. If there is nothing wrong in it, all I can say is, it has been unfortunate with respect to some banking companies which we all know about.

The CHAIRMAN.—All I can say is that loans are not made on notes; it has not been done hitherto.

MR. DEVLIN.—And the Directors are excluded by your by-law.

MR. GILMAN.—Amongst the assets of the Company I see Bank stocks, (Canadian), \$277,735.96; is that taking the stocks at par?

The CHAIRMAN.—All the stocks are at the cost they were purchased at by the Company. In fact all our assets are entered in the books of the Company just as a merchant enters his in his books. In reference to this observation I would say that our United States assets are worth more than they stand at on the account—the premium has increased so largely. In the Canadian stocks it may be otherwise, but we can afford to wait for a rise.

MR. GILMAN.—I suppose if they were disposed of now, we should sustain a loss?

The CHAIRMAN.—Yes; but if we take the gains on one and the losses on the other there would be a very close balance.

MR. GILMAN.—I was going to ask about the

item in the assets, "Bills receivable (premium notes current and in course of collection)." I would like to ask if any notes are included besides for premiums—whether any shareholder have paid for their stock in notes.

The CHAIRMAN.—The most of these bills receivable are for marine premiums generally, which are always paid by promissory notes. There are very few individual notes, with the exception of shareholders, which we have taken every means to collect, but have not yet been able to do so—the whole amount is about \$3,000. These shareholders are outside the directorate. The report was adopted unanimously.

Hon. E. G. PENNY, moved, seconded by Mr. Lewis, Halifax:—

"That the 1,356 shares referred to in the report of the Directors as the bonus shares allotted under the resolution passed on the 10th day of September, 1874, and which the shareholders entitled so to do have not taken up, be sold by the directors by public auction, or by private sale, and after receiving tenders in their discretion, and that any surplus or profit arising from such sale, after payment of all expenses, and the amount payable on said shares to the Company be paid over to the said shareholders who were so entitled to take up such shares, but failed to do so."

Hon. E. G. PENNY said—I do not know Mr. President, that it is necessary to add anything to what has been already said, but as a shareholder, and on behalf of the shareholders outside the directors, I desire to express the satisfaction we all feel at the report which you present to-day. The Rest amounts to near 20 per cent. as I calculate it after paying a ten per cent dividend, and I think after very little more than two years' operations that that is a very handsome Rest indeed. [Hear, hear]. But I believe it does not represent what the real Rest is. I believe if the company was to be wound up to-day the whole liabilities could be insured for 35 per cent. whereas the law provides for fifty per cent. so that we have 15 per cent. on the premium which will make up the real rest to nearly 40 per cent. I think that is a result which reflects great credit upon those who have the care of our capital. [Hear, hear].

MR. EVANS.—Before that resolution is passed I request that the resolution passed 10th September, 1874, be read, so that they know what they are voting for.

MR. GAGNON then read the resolution as follows:

"That this meeting coincide in opinion with the directors that it is desirable to increase the capital stock of the company to six millions of dollars in the first place amongst the present shareholders who in subscribing shall receive a stock bonus in paid-up capital equal to the determined profits made at the time of opening the new subscription and that every effort should be made to husband and increase the company's resources, and that the directors be empowered to carry out this resolution as they may deem fit, and that the shareholders who do not feel disposed to take up the new shares allotted to them shall be placed in no position inferior in respect to their interest to those who subscribe to the new issue."

MR. EVANS.—Mr. Chairman, I think you see

from this that parties not wishing to take up the stock allotted them by the Directors would have the right to their bonus. They are not compelled by that resolution to take up their whole stock, they are entitled to take up what represents 10 per cent. paid up. It certainly looks that way to me.

The CHAIRMAN replied that the bonus was only conditional on their taking up the additional capital. It was very unfair for any such shareholder to expect to get the benefit of the bonus and shirk his liability at the same. The question was what was the inferior position; certainly, if those who had not taken up their allotted capital, received the bonus, those who had done so were really placed in the inferior position. The Board had considered at different times, that it was necessary to get the stock books closed in order to bring the stock to a determinate point. That could not be done with this stock in the way. It was impossible to get over it in any other way, the directors therefore asked the shareholders to have the stock sold to see how the public appreciate it, so that these shareholders, who had been so timorous, would get an advantage if it is appreciated, and if it is not they will not get any. There did not appear to be any other course to get this matter brought to a close. The fact stared them in the face, that they were looked upon as having a capital of \$6,000,000, whereas the real amount was \$5,797,000, which looked on the face of it to be a false statement, simply because these few gentlemen had not sufficient confidence in their Company and were stumbling blocks in the way. They had had plenty of applications for stock but could not get rid of this by reason of this resolution standing in the way. Surely, it was time this obstacle was out of the way. Surely, it was not for shareholders to stand outside, and say "I will have my bonus, whether right or wrong." The bonus was granted to them on a positive condition they had not thought proper to fulfil, and they must take the consequences.

MR. EVANS.—I cannot see how they assume that liability. They were not compelled to take up that stock. If the stock was declared to be at par—

The CHAIRMAN.—I beg to say the bonus was declared conditionally, and only but conditionally. (Hear, hear.)

MR. JAMES STEWART.—Mr. Chairman, if in the event of your selling this stock,—which you propose to put on the market—at a profit or loss—1 to 1½ per cent., it is reasonable to suppose, I would like to know whether you intend to divide the profit amongst the shareholders who have not subscribed to their allotted stock.

The CHAIRMAN.—It is intended that the profit realized upon this stock be paid to those parties who hold it.

MR. STEWART.—Pardon me if I ask another question. There are very few things to which there are not two sides. In the event of your having a small loss—which it is safe to presume you will—will the directors charge it to those gentlemen?

The CHAIRMAN.—No, sir. Unfortunately we cannot—profit to them, loss to us.

MR. STEWART.—Then I decline most respectfully, as one of the shareholders, to make any