business of the New York Trust Companies is built. The proportion of deposits to capital is, for each $1,000 of capital these companies have $22,740 of deposits and credit balances. The "surplus fund and undivided profits" being given in one sum the amount of the reserve fund is not disclosed, but it is known to be very large in most cases.

Considering the volume of deposits the amount of cash held is trifling, being only $15,232,000, which equals only 3.40 per cent. of the "Individual Deposits," and only 2 per cent. of the total deposits. The banks of Canada hold $57,848,000 of specie and government notes, which is 12 per cent. of the Canadian deposits.

The New York Trust Companies act as the executor, administrator, etc., of devised estates, but in this branch of business they do not rival those of Canada, the 29 New York Trust Companies having only $24,680,000 of liabilities as executors and administrators as compared with the $24,303,095 of 7 trust companies established in Ontario.

The leading item in the assets is the amount loaned on collaterals which, for the 29 trust companies in the table, amount to $491,050,821, of which their capital is 6.4 per cent., and their deposits 103 per cent. Several of these companies have loans on collaterals ranging from 61 to 27 times the capital, the smallest proportion being 2¼ per cent. of the capital.

The exhibit shows how powerful a factor these trust companies are in the money market of New York.

THE SITUATION IN ARKANSAS

A SCHEME FOR EVADING THE LAW.

The embarrassment caused to property owners in Arkansas by the local law has developed a situation of great interest. The law forbids any fire insurance company doing business in the State of Arkansas which is associated with other fire companies for the purpose of establishing a common schedule of rates. Owing to this unreasonable law the more reliable companies have withdrawn from Arkansas the consequences of which have been a wholesale cancellation of policies and a withdrawal of the loans and credits based on insurance.

To relieve a situation that was severely injuring business a scheme has been devised that affords another illustration of the difficulty of framing a law that cannot be evaded.

The idea is to place insurance in Arkansas with the few small, weak, local companies under an arrangement for the risks being re-insured in strong companies that are prohibited doing business in the State. The clause in the Act which relates to this reads as follows:

"Section 1. That no insurance company shall directly or indirectly contract for, or effect the insurance of, any risk in the State of Arkansas with any company not authorized to do business therein. Whenever any company negotiating insurance on property in this State shall effect the reinsurance or any part thereof, otherwise than in companies duly authorized to do business in this State, the entire tax, therefore, shall be paid by the original insuring company, and the insurance commissioner shall make no deduction on account of such reinsurance."

This curious clause first prohibits re-insurance with outside companies, then it practically condones the offence by declaring that if outside re-insurance is effected the local State tax must be paid by the local insuring company, which is a superfluous provision for the State is powerless to enforce a tax on outside companies.

The Attorney-General has given the following as his judgment on this clause:

"My opinion is that a domestic insurance company, *bona fide*, incorporated and authorized to do business in this State, can reinsure its Arkansas risks in foreign companies, not authorized to do business in this State, and not qualified under the Anti-Trust Act to do business in Arkansas, without incurring the penalty of the Anti-Trust Act, or any other law in force here, *except the tax penalties*, as provided by section 1 of the Act of April 22, 1901, above referred to, provided such reinsurance contract is made outside of Arkansas, to be performed outside of Arkansas."

This being accepted as the law in Arkansas it would be competent for an insurance company to be organized in Arkansas nominally to do a local fire business, but really to secure re-insurance business to be placed with strong companies who are prohibited from doing business directly in that State.

The Attorney-General draws a distinction between a contract of insurance made with a foreign insurance company in a foreign state that is to be a foreign contract wholly performed without (outside) the State, and a contract that was made in the State, to be an Arkansas contract to be performed in the State.

The distinction is somewhat indistinct, but it seems, according to the Attorney-General, to imply that, if re-insurance is effected with an outside company such re-insuring company, "could not enter the State to adjust a loss without violating the law for that would be doing business under the law, the entire contract must be performed outside the State."

So far as adjusting losses is concerned the outside companies could employ a resident of the State and so again evade the law. The legislators of Arkansas are likely to see their senseless Act made of non effect by a system that will provide the merchants with the fire insurance of which they have been deprived to the serious injury of business.