

ating their value, the liquidators have used every effort to collect matured or overdue paper with the result that the balance on hand on the 3rd of July last of \$18,250.20 has been at the present time increased to \$168,855.82.

The liquidators have felt the necessity of obtaining as speedily as possible, the surplus notes held by the Merchants bank for the loan to them. And with that end in view we have endeavored to assist in the collection of the notes as well as those actually in possession of the liquidators. The result has been so far satisfactory that the advance to the Commercial bank, which on the 30th of June, amounted to \$172,000, has been reduced to \$95,000. In addition to collecting moneys the liquidators have used their best efforts to obtain security for overdue paper at present uncollectable, and considerable progress has been made in this direction. In one case a claim of the bank amounting to \$47,000.00, which was considered as an exceedingly doubtful asset, has been compromised, under the sanction of the court, at \$40,000.00—\$10,000 in cash having been received, and the balance secured. The liquidators consider this debt might easily have resulted in an almost total loss to the bank, and that the settlement, which is the only compromise they have so far made, is an exceedingly satisfactory one.

In 1890 a resolution was passed by the directors of the bank guaranteeing to the London correspondents of the bank payment of interest on £22,000 Manitoba Electric & Gas Light Co. bonds at 6 per cent. per annum. The company defaulted in its last payment of interest and one of the trustees of the English bondholders has demanded payment from the bank. Under our solicitors advice the liquidators have refused payment. This claim which may aggregate \$45,000 will have to be dealt with by the liquidator.

STAFF.

The staff of the bank, including the nine branches, comprised, on the 3rd of July, forty officers. Since that time the liquidators have reduced the staff in accordance with the requirements of the winding up. They have so far dispensed with sixteen of the forty officers, making a reduction in salary of \$1,100 a month. This number can be further reduced when permanent liquidators are appointed, as the great bulk of the preliminary work has now been completed.

MR. MCLEAN TALKS.

On the conclusion of the statement and remarks by the liquidator, the creditors proceeded to discuss the affairs of the bank. Robt. A. McLean, of England, representing creditors and shareholders, made a lengthy address. Among other things he said:—

"Summarizing the liquidators' statement he said the total amount of assets, irrespective of overdue debts, was \$1,428,000. From this were to be paid first of all the note holders and the provincial government, whose claims were preferentially secured, and payable out of the first assets; these amounted to \$484,000. After paying these there would be left nearly a million dollars of assets; there would be to pay the unsecured creditors, \$750,000. After paying all the depositors and all other creditors out of these assets, there would be an estimated balance of a quarter of a million, irrespective of overdue debts which would belong to the shareholders. The liquidators had estimated these overdue debts at something like \$100,000 at the very worst possible view. Adding this to the \$250,000 would give \$350,000 surplus, after all the creditors had been paid in full, subject to realization and expense of the liquidators. Thus there was ample to pay all the creditors, with enough left to pay to the shareholders something like fifty per cent. of their capital; and possibly something more. The aims of all creditors were, first to obtain as much as possible, to obtain it as soon as possible, and to obtain it as economically as possible,

sible, consistently with efficient management. There were two modes of accomplishing this, the one by the reconstruction of the bank, and the other by liquidation. He was glad to say, having consulted with practical, prominent and influential men of the community, that they had put their heads together on the subject of reconstruction, and endeavored as far as possible to see whether it was practicable or not. It had become quite evident that, if reconstruction was to ensue, it must be practically under a new board and new management. There were many things to be said in favor of a provincial bank; having it, the business men would not be at the mercy of bankers 1,000 or 1,500 miles away. A local institution could foster business by local branches in a way that larger institutions further away could not do.

Mr. McArthur, president of the bank, then spoke at some length, but as his remarks were somewhat similar to his address at a subsequent meeting of the shareholders, we will not give them here.

A long discussion took place regarding the nomination of permanent liquidators. There was considerable opposition on this point. Mr. Ferguson, provincial liquidator, was favored by some. Mr. McLean had a ticket of his own, with Mr. Fisher, of Portage la Prairie as principal liquidator, and the committee of ordinary creditors, who had held informal meetings; previously, proposed Mr. Bertrand.

RESOLUTIONS.

Mr. McLean moved the following resolution: "That this meeting having been called for the purpose of ascertaining the wishes of the creditors of the Commercial Bank of Manitoba, as to the appointment of liquidators, the creditors assembled express their wishes as follows:

1. That there be three liquidators, one of whom should be the manager, and the other two advisers.

2. That it be incumbent upon the manager to consult with the advisers in all important matters involving the realization of assets, and the payment of claims, and that in the event of a difference of opinion, it be decided by a majority.

3. That the manager give security in the sum of \$20,000.

4. That such solicitors be employed as the liquidators may require on the terms and conditions hereinafter set forth.

5. That in the event of the death, resignation, or removal of all or any of the liquidators, a meeting of the shareholders be called for the appointment of a successor or successors.

6. That the shareholders be permitted to remove all, or any of the liquidators, if in their judgment they consider it to be in the interests of the creditors and shareholders.

7. That the liquidators be required to issue to each shareholder and creditor, at least once every six months, a report and account of the progress made in the liquidation, and their estimate of the prospect for the future. The first report to be issued on 1st January, 1894.

8. That the funds of the liquidation be placed in such bank or banks as the court may appoint, on the best terms obtainable, and that all cheques thereon be signed by at least two of the liquidators, of whom one shall be the manager.

9. That the total amount to be paid out of the funds of the bank as remuneration to the liquidators and solicitors be: (a) A sum of one per cent. on all payments made by the liquidators, out of the assets (exclusive of uncalled capital) in discharge of the claims of depositors and other creditors of the bank. (b) A further sum of three per cent. on all payments made by the liquidators, out of the remainder of the assets, in repayment to the shareholders of capital already paid up, provided the repayment be at least 50 per cent. of such paid up capital, but only one per cent. if the repayment be less; and that such remuneration cover every and all expense chargeable in the liquidation, by liquidators and solicitors, except out-of-pocket expenses.

10. That said remuneration be divisible be-

tween the liquidators and solicitors in the following proportion, viz.: (a) To the manager one-half of the total, who may draw on account of the same \$250 per month. (b) To the two advisers one-eighth each of the total, who may draw on account of the same \$75 each per month, to be inclusive of their remuneration as provisional liquidators. (c) To the solicitors one-fourth of the total, who may draw on account of the same \$150 per month. When the depositors and creditors are all paid off out of assets (apart from calls), any balance of remuneration then earned and owing to be divided.

11. The solicitors, are in addition to such remuneration, to receive for their own benefit (through the liquidators) all costs and charges which may be awarded to the bank or to the liquidators, or any of them, in any action or proceeding of any kind as against any other person or corporation.

12. The shareholders reserve the right, immediately before the close of the liquidation, of voting any additional remuneration to any or all of the liquidators and solicitors, if they consider their conduct in the winding-up merits it.

13. That Henry Fisher, bank manager, residing in Winnipeg, John S. Ewart, Q.C., and Israel M. Ross, both of Winnipeg, be the liquidators, of whom Henry Fisher shall be the manager, and John S. Ewart, Q.C., and Israel M. Ross the advisers, with power to appoint such solicitors as they may think best, on the terms and conditions named in this resolution.

14. That, in estimating the value of the votes which may be given on the resolutions special regard be had to the fact that the note holders and the Provincial Government are preferentially secured by law; that certain other claims are fully secured; and that it is the established law and practice in England, in such liquidations, that, for the purpose of voting, a secured creditor must either surrender his security, or value and deduct his security, and vote only in respect of the balance.

These resolutions provoked a long discussion. Eventually clauses 1, 2, 3, 4, 7, 8, 9 were adopted. Clauses 5 and 6 were withdrawn. An amendment to Clause 10, moved by Mr. Adamson, "That at no time shall the drawings on account of the remuneration exceed 75 per cent. of the amount earned until the bank's affairs are fully wound up," was accepted by the mover and seconder, and added to the motion, which was then carried. Clause 11 of the motion was adopted, with the following words added at the suggestion of Mr. Martin: "Less any amount paid out by the bank, or for which the bank has become liable." Clause 14 was also adopted. Regarding Clause 13, relating to the appointment of liquidators, a number of additional nominations were made. Voting then began for the nomination of liquidators, but it must be understood that the nominations will have to be confirmed by the court.

SHAREHOLDERS' MEETING.

A meeting of the shareholders of the bank was also held, president McArthur in the chair.

Mr. McLean moved "that this meeting approves all the resolutions passed at the meeting of creditors prior to the nominations for liquidators being made. Carried.

Mr. Maclean said that it was abundantly clear that the real interest of the liquidation rests with the shareholders and accordingly moved: "That in estimating the value of the votes of the shareholders regard be had to the fact that the liquidators appointed by the court having reported after full investigation, that the assets of the bank, apart from the existing large liability of the shareholders are in their judgment, ample to pay the creditors in full, and to leave a large surplus for shareholders, it becomes evident that the shareholders alone are the parties interested in making that surplus as large as possible, and that, therefore, a controlling power in the liquidation should rest with them." Carried.

Mr. Maclean nominated Henry Fisher as

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