

evidence that the plaintiff and the defendant's local agent at Barrie (one Morris) went together to a third party named Morrow, who filled up two applications for insurance, one in the defendant's Company on the grist mill, the other in the Hastings Mutual Insurance Co. on the fixed and movable machinery in the mill. Morris was agent for both companies and the plaintiff signed both applications in his presence and policies were issued in accordance with the applications by both companies. The agent, considering that the former insurance was on the building only and the latter on the machinery only, did not inform the defendants of the other insurance, and the application to the defendants stated that there was no other insurance upon the property.

The case after trial came before the full Court of Queen's Bench, where it was decided, after learned and lengthy argument, 1st. That the insurance on the mill covered, if not the moveable certainly the fixed machinery, and that there was consequently a double insurance, and 2nd That under the circumstances of the case the defendants should not be allowed to avail themselves of this defence, as their agent had a full knowledge of the other insurance when this was effected.

From this latter finding Mr. Justice Wilson dissented on the ground that the company was not bound by notice to its agent, especially when knowledge of this fact had been acquired by Morris in another capacity—that is as agent for the other company. The majority of the Court took a different view, and it was remarked by Mr. Justice Morrison that the justice of the case was entirely with the plaintiff, a remark in which we heartily concur. Shorn of technicalities, such a defence under such circumstances is one behind which no insurance company should take shelter; and we are glad that the attempt in this case was unavailing. The technical beauties of such a case may delight the eye of a lawyer, but they will scarcely commend themselves to the public who wish to find good faith and fair dealing between insurers and insured.

MALFEASANCE OF BANK OFFICERS.

We have already had, in Canada, the sad spectacle of a bank cashier, a functionary whose position is here synonymous with commercial rectitude and social respectability, being sent to serve a term in the common gaol for making upon oath false statements of his bank's position. And bearing in mind the ruin to some, the embarrassment to many, and the shock to the general confidence which the failure of that bank occasioned, any natural feeling

of compassion for the disgrace of the culprit is lost in the sense of the necessity for the protection of the public interests by the swift punishment of so dangerous an offence.

The cashier of the Farmers & Mechanics Bank, of Hartford, Conn., J. L. Chapman, and its President J. C. Tracy, were recently found guilty and sentenced, the former to six and a half years' imprisonment at hard labour for deceiving the comptroller of currency, and the latter to five years imprisonment, likewise with hard labour, for swearing to a false bank statement. These officers pleaded guilty to embezzlement, whereby the loss to the Bank was close upon \$600,000, and to perjury as well.

This is the usual order. First comes the improper use of the funds, whether taken outright for personal spending or temporarily 'borrowed' for speculation; then, to cover what would otherwise be a manifest deficiency, come the adroit misrepresentations, and eventually the swearing to false returns. A novel sort of fraud is the one carried on for a time by A. V. Housman, teller in Molsons Bank here. This young man would coolly allege that parcels of bills sent here from other banks were "short," while pocketing the sums in which he alleged the deposits or payments to be deficient. Finally a trap was laid for him into which he fell, and being caught pocketing fifty-five dollars purposely overpaid, absconded last week.

The sentence of these bank officers is worthy of notice. There can be no doubt that in this case every effort was made to mitigate the penalty. Their position was naturally high, their friends influential. Sympathy was doubtless excited, and "wires pulled" to rescue from their grave situation officials who could gamble with such high stakes. And the fact that they pleaded guilty is probably another proof of their reliance upon "influence" to secure either their acquittal or at most, a light sentence. It is in a high degree creditable to the authorities that the punishment was sternly proportioned to their offence. We, in Canada, who imprison for a half year the Bank Cashier who wrecks his bank by imprudent management and then swears falsely to conceal it, might well learn from this sentence that in a country where justice has been regarded as by no means blind, and where interest has not seldom contended successfully against equity, so firm a condemnation has been pronounced, and so righteous a penalty imposed. We have heard of the Connecticut "blue laws," and generally in terms of censure for their severity; but no fault can be found in this instance with either the law or the

administration of the State. The punishment was no more weighty than the crime was grave.

THE MERCHANTS' BANK.

The application of the pruning knife to the excrescences of bank losses, never a pleasant operation, evoked a critical temper at the recent meeting of the Merchants' Bank. The losses certainly proved to be much greater than they were stated at three or four months ago. They were, for the most part, traced to their source, if the exact amounts were not always apportioned. It is now certain that by far too much was given for the assets of the late Commercial Bank, when they were taken over. In two years no less than \$1,200,000 was written off on account of the Detroit & Milwaukee Railway bonds, though these were of course not estimated at par. On behalf of the Bank of Montreal Mr. King offered, at the time, within one cent on the dollar of the amount paid by the Merchants'; a proof that the most critical judgments were at fault in estimating the value of the assets of the Commercial.

The gold speculations of the Merchants' in New York, carried on under the disadvantage of a falling market, had latterly proved unprofitable, and the new manager at once put a stop to them. There were, besides, other losses in New York, making the whole loss there \$198,000. Then there were losses at several of the agencies in Canada, some of which had been carried over four or five years. It is confessed that there had been, at the head office, inadequate supervision of the transactions of the agencies; mistaken motives of economy having prevented the employment of an adequate staff for this purpose.

Five per cent. for deposits, is a high rate for banks to pay. The competition of other financial institutions, some of which pay even more, and which are presumably such as lend on mortgages, is mentioned, and, in one case, six per cent. is said to have been offered. But a company which lends on mortgages gets, on the whole, better security than the banks get, earns in these times higher dividends, and can afford to pay more. Competition with such is at once a folly and an impossibility.

The general tone of the meeting was too critical to cause the reduction of capital to have at once its full effect on the public mind; and the result is that, although no one attempted to show that the 25 per cent. written off the capital does fully cover the impairment, the stock is still quoted below the figure which the reduced capital represents,