

The Canadian Spectator.

VOL. II.—No. 45.

MONTREAL, SATURDAY, NOVEMBER 8, 1879.

\$2.00 PER ANNUM.

CONTENTS:

THE TIMES.	THINGS IN GENERAL.
"MIXED" POLITICIANS.	POETRY.
THE CHURCH AND THE STAGE.	CORRESPONDENCE.
CONCERNING BACHELORS.	PRIZE QUESTIONS IN CANADIAN HISTORY.
THE ROBUST STYLE OF WRITING.	TRADE, FINANCE, STATISTICS.
MAN'S RESPONSIBILITY FOR HIS BELIEF	MUSICAL.
(A Sermon by Rev. A. J. Bray).	CHESS.

THE TIMES.

IS SIR FRANCIS GUILTY?

The shock of surprise which all felt when news went through the streets that Sir Francis Hincks had been found guilty by the jury on a criminal charge of signing a return wilfully false and deceptive as President of the Consolidated Bank, called up within people's minds that sober second thought so needful to just reasoning and conclusions. Public excitement had been running high; ruined and irate stockholders had talked themselves and the public into a state of intense indignation; a victim was demanded; and, in the absence of the General Manager, the President was selected to bear the brunt of the battle. When it was reported that Judge Monk had decided to reserve certain points of law that he might take the opinion of the full bench of Judges, a feeling of satisfaction was created, for the reaction had set in. People had been remarking to each other that Sir Francis had in no way enriched himself by the conduct of affairs at the bank; that he had not borrowed any money; that his friends had not been favoured by him in any respect, and that, perhaps, after all, there was no wilful intention on his part to deceive the public. To condemn such a man—one who has done so much for the Dominion by rendering it most signal services in times of great exigency—it was felt was no small matter, and should only be done on evidence clear and decisive. Judge Monk entered into that sentiment, and suspended proceedings by consenting to hold in reservation some points of law raised by counsel for the defence. It is to be hoped that the honourable Judge will reserve the case in a reasonable way, with ample limits for discussion before the full Court of every point of law involved.

Without in any way pre-judging or prejudicing the case, I thought I might at any rate put myself in a position to be able to make certain statements as to matters of fact, and vouch for their accuracy by actual and personal examination of the Bank books. The return made to Government by the Consolidated Bank for the month of January last was pronounced wilfully false and deceptive on three grounds:—First, the Bank transactions known as "over draughts" were placed in the return under the head of "Notes Discounted and Current," when it was held they should have been placed under that of "other assets not included under the foregoing heads." What enlightenment the Government, or the public, would have received by the transfer is not very obvious; for the second heading would have conveyed no particle of information as to the nature and amount of those "over draughts"; but as a matter of fact, with reference to the heading adopted, when Sir Francis Hincks became President of the old City Bank in 1873 he found the practice regarding the classification of over draughts precisely what it was when the return for January 1879 was made. When in 1876 the Royal Canadian Bank became incorporated with the City Bank under the name of the Consolidated Bank of Canada, the officer who had prepared the Government returns for the Royal Canadian became accountant at the head office, while the accountant for the City Bank continued to fill the same office in the Montreal branch. Those officers, on consulting as to the returns, found that the practice of the two Banks as to over draughts had been the same, and accordingly they continued the same mode of classification. The first

return for the Consolidated Bank was made for the month of May 1876, and all over drafts were returned under the head of "notes discounted and current," and since then no return has ever been made under the heading "other assets not included under the foregoing heads." It is quite true that the item of over drafts has grown enormously in bulk, but that has nothing to do with the question of law. Sir Francis was no more guilty on this count in January 1879 than he was in May 1876, and his "wilful deception" consisted in his adherence to a practice which had been followed for many years by the two banks which were merged in the Consolidated, and by at least three other Presidents of these banks, to say nothing of the statements given in evidence at the trial that other banks have made returns in precisely the same manner.

The second alleged wilful falsification in the return was placing loans from other banks, for which deposit receipts were granted, under the head to "Deposits payable after notice, or on a fixed day." Whether this form of making the return was right or wrong, I do not pretend to say; but, as proof that it is the usage with other banks, Mr. Angus, General Manager of the Bank of Montreal, stated that he had been in the habit of examining the monthly returns, and that he had inferred—from the fact that the amounts returned under the head "Balances due from other banks in Canada" had been for years largely in excess of the amounts returned under the head "Due to other banks in Canada"—that the practice was to place loans from other banks not due or exigible in cash under the heading adopted by the Consolidated Bank. At any rate, there has been no departure whatever from the method adopted at the first when money was borrowed from other banks. In the Consolidated Bank there is a book styled the "Special Deposit Receipt Register," the first entry in which is dated 17th January, 1860. In that Register the loans from the banks, which form the subjects of the indictment, are recorded precisely in the same way as all other deposits on notice. I found, on reference to that Register, that on the 7th of January, 1874, the old City Bank obtained a loan of \$100,000 from the City and District Savings Bank, and on the 11th of February another loan of the same amount, from the Bank of Montreal, for one year. On the 21st of April of the same year it obtained another loan of \$60,000, and on the 19th of May another of \$100,000 from the last named bank. Prior to the amalgamation of the Royal Canadian and the City Banks there were no less than 28 loans obtained by the City Bank from other banks during a series of years, some of which were in the form of Sterling Exchange. All these loans were entered in the Special Deposit Receipt Register in the same way as other special deposits by private persons or firms, and all were classed in the Government return under the head of "Deposits payable after notice, or on a fixed day." After the Consolidated Bank went into operation, precisely the same practice was followed, the same Register having been used. Up to the year 1877 there were nine loans from different banks, chiefly in the form of Sterling Exchange, for which deposit receipts were given, payable at a future day, and these were returned in the same way as during the time of the City Bank. So that, whether the mode adopted of classifying these loans was right or wrong, it is a fact that it had been in operation for years, during which period there could have been, apparently, no motive for deception. All the lending-banks—four in number—must have been aware of the heading under which those loans were placed; and yet they never intimated that the practice was erroneous, as they surely would have done had they thought it so. When, then, did the wilful falsification begin?

As to the third charge of returning certain notes, payable on demand, under the head of "Bills Discounted and Current," although it was distinctly proved at the trial that the amount of those notes had