

Mr. McDONALD's first charge is that promises solemnly made in regard to profits remain unfulfilled." In the sanguine addresses of the late President, Mr. Baker, when investments were being made at high rates of interest, believing as he did that those would be continued, he held out hopes of rapid increases of profit both to the policy and shareholders, which subsequent experience of the diminution in the realized rates of such interest necessarily prevented being accomplished. A letter written by one of the Company's Agents without any special authority is quoted, in which basing his views upon the sanguine expectations of Mr. Baker, he states that Mr. McDonald was guaranteed a large increase of his Bonuses, but this was a misapprehension on his part, and the Directors are at a loss to conceive how it could be supposed that a guarantee could be given for profits which had not then been made—existing only in the hopes of sanguine minds.

Mr. McDONALD adds to the charge that profits have "diminished wofully," and in proof of that assertion he cites his own case; but that the shareholders and the public may judge whether the diminution be "woful," or not, the particulars of the Policy are here given.

Policy No. 744, on joint lives of D. and F. McDONALD for \$1000, opened 13th May, 1851, annual premium \$39.92.

In 1853, he got a Cash rebate of \$5.73.	In 1858, he got a Cash rebate of \$5.24.
In 1854, " " 5.21.	In 1859, " " 5.21.
In 1855, " " 5.48.	In 1860, " " 5.22.
In 1856, " " 4.33.	In 1861, " " 5.21.
In 1857, " " 5.23.	In 1862, " " 5.21.

A rate of Discount of nearly 13 per cent. per annum.

The public will judge by these figures whether Mr. McDONALD's statement be correct, that profits have "diminished wofully," and this specimen of the looseness of his statements will guide shareholders to a decision of the amount of credence which should be attached to his other general assertions. It may be here noticed, that although Mr. McDONALD has been paying the Company a less premium than he would have had to do in almost any other Office, he at the same time has received profits which would have been exceeded in very few other Companies.

The second charge Mr. McDONALD makes is, that "the rate of interest upon investments has largely and rapidly declined;" and if he believe in the truth of that statement, it might be a good reason to him for the Company's not sacrificing the interests of the other Policy-holders of the Company, by giving him the increase of profits he recklessly covets. The Directors have, in their Reports for some years back, published the fact of the diminution in the rate of interest, and clearly explained that it arose from the prudent course they were adopting in carefully excluding interest "in all cases where any doubt of its realization may exist;" and had Mr. McDONALD read with ordinary care the Directors' Minute to which he alludes he would have seen that it was not denied. It was not a statement which could "injure the Company," and required no denial.

A third statement, made by Mr. McDONALD, is "that the Company is burthened with risks incident to a Savings Bank,"—"that the result is injurious to the Policy-holders," and that "the Shareholders' capital is jeopardised by the demands which the Savings Bank depositors may at any time make." The Savings Bank has not financially been injurious to the Policy-holders; on the contrary, although the Directors feel that it is a branch of business foreign to that of the Company, and should not be continued, it has placed the Company in possession of funds for many satisfactory investments which it could not otherwise have compassed. The responsibility to depositors is simply for the money they have deposited—no more, and no less—and the withdrawal of their deposits has upon no occasion jeopardised the Shareholders' capital.

Mr. McDONALD asserts that "the Managers have evinced anything but a desire to afford satisfactory explanations," and specially refers to the late meeting as a proof of that. The Shareholders who were then present, or who have read the report of the meeting will be able to judge of the correctness of Mr. McDONALD's assertion.

The fifth charge made by Mr. McDONALD is that a "change in terms in reference to an item exceeding \$13,000 in the published accounts of the Company, excites and justifies suspicion;" but Mr. McDONALD must surely be aware that if the Savings Bank Trustees were really liable for the \$13,000 no mere change in the "terms" of the item could divest them of that liability—which the Board consider that they fully believe they had never incurred. After consultation with the Company's Solicitors, the change in the expression of the entry was made, by which it became "By Assets of the Hamilton and Gore District Savings Bank, in Real Estate"—a correct expression, seeing that what assets were possessed were in that position.

Mr. McDONALD's sixth and last charge is, that the "Directors in their reports have studiously concealed the extent of losses upon Investments." The ascertained, or experienced losses upon Investments had, up to the last year, been about \$2,000, a sum of such trifling importance that it was written off the year's profit by interest. There could be no occasion for the publication of such loss; and it appears an abuse of language to call it a "studious concealment."

The Directors have not followed Mr. McDONALD through the many loose and irrelevant assertions which he has made, but having now replied specifically to the grave charges made by him, they leave his conduct to the opinion of the