DALY'S ARREST ORDERED ON HOME BANK REP

Over \$5,000,000 Deficit; Depositors May Get 73 Cents

GOVERNMENT ORDERS THE ARREST OF FOUR OFFICIALS OF HOME BANK FOLLOWING REPORT OF

Home Bank Directors Loaned \$3,794,915 Without Adequate Security.

ADVANCES

A. B. Barker, Curator, Reports

Total Deficit Will Exceed \$5,000,000. Canadian Press Despaich.

Toronto, Oct. 3 .- The anxiously awaited report of A. B. Barker, the curator appointed to report on the condition of the Home Bank, which suspended payment on August 17 last, was made public today. The curator submits a preliminary statement of assets and liabilities as of the date of suspension, which statement of assets and liabilities as of the date of suspension, which shows total liabilities of \$18,486,978,

of which \$2,955,426 are preferred claims, and \$15,531,552 to depositors and other creditors. The assets total \$15,848,400 and are divided into three classifications, viz., quick assets, other assets, and bank premises. Quick assets total \$5,643,051; other assets or "special assets," the value of which is substantial but the definite worth of which cannot be determined except upon realization and to a large extent over an ex-tended period of time, aggregate \$9,229,997; while bank premises, real estate, etc., aggregate approximately

The deficiency between assets and liabilities amounts, so far as cre ers only are concerned, to \$2,638.578, but to this must be added the paid-up capital of \$1,960,592, the general reserve fund of \$550,000 and the contingent fund, profit and loss balances and other reserves amounting to \$110,206, leaving the ascertained losses and depreciations to be accounted for to the total amount of

Curator Non-Committal,

an interview after the state ment had been handed out, Mr. Barker, the curator, said he would not hazard an opinion as to what dividend would eventually be paid to called upon for payment of their double liability. These were matters for disposition by the liquidator. The matter of an interim dividend of 25 cents to be paid by other banks was under consideration, but the machin ery for the payment had not been finitely arranged for. was the bank wrecked?" Mr

Barker was asked. Because it did not have sufficien issets to meet its liabilities." Mr. Barker declined to say whether he hought the conduct of the bank before the suspension made way for criminal proceedings. "That's a matter for the government authorities.'

that the books of the bank-as books well kept. It was a matter for the federal authorities to decide whether the reports made to the minister of finance were in accord with the act. It was a matter of n, he said, whether there was really a deficiency between the books and the returns made to the govern ment. It depended largely on the possibility of realizing on sundry assets of \$9,000,000 which had to be further investigated and determined

Finds No Connection. Mr. Barker was asked about the connection between the Home Bank and the British Dominion Holding and Investment Company of Montreal, which was reported to have

"There is nothing in the books of the Home Bank indicate there were ships in rum-running business," said the curator. "I am unto say anything about that." of Montreal, Edward Bristol M.P., and the late C. D. Warrer president of the one time Traders Bank, were interested in the negotiations for the advances of \$1,143,334 to the South New Orleans Railway Company. The curator thought that this would eventually realize more than the bank's investment in this

Advances Pellatt \$1,700.000. was Sir Henry Pellatt who obtained advances of \$1,700,000 from the bank in connection with various real estate enterprises . in Toronto aid the curator. He thought thes vances were well secured. Mr Barker said he was unable to say just how far the directors knew of these advances. This transactions originated with smaller transactions many years ago between the Home Saving and Loan Company, which Saving and Loan Company, which preceded the Home Bank. It depended on the working out of these properties whether they would produce this amount. Sir Henry Pellatt held the opinion that there would be a surplus of \$1,000,000 over this liability on the properties in question.

The question of the reported heavy sales of shares by H. J. Daly, the saident, and "others close to the sident" was then taken up.

'I haven't investigated that. That a matter for the liquidator. There we evidence" said the curator. the bank was advancing money

Ainst these shares."
Mr. Barker later added: "It is a matter that should be gone into as a subject of careful inquiry."
In his report the curator estimates the losses on loans for which adequate provision had not been made at \$3.794,915. These include estimated losses on loans of a general



president of the defunct Home Bank.

At A Glance

Toronto, Oct. 3 .- Issuance of warrants for the arrest of President H. J. Daly and other directors of Home Bank of Canada, which suspended on Aug. 17; statements by the curator that the payment depositors might expect was quite indefinite, and that he would not hazard any estimate, and a further statement that the question of calling on shareholders for double liability was a matter for authorities or the incoming liquidator to decide; these were some of the developments today following the publication of the report of the affairs of the institution by the curator, A. B. Barker.

Total assets of \$15.848,400 were reported by the curator, and the

reported by the curator, and the liabilities "to the public" are \$18,-848,978. This leaves a deficit of \$2,638,578. The assets above mentioned, however, include "special assets" of \$9,929,997, which Mr. Barker warned, might not realize anything like that amount. They consist of advances and loans to various concerns. Quick assets various concerns. Quick assets amount to only \$5,643,051, which reduced by preferred claims leave a balance of \$2,647,625 immediately applicable.

character amounting to \$1,336,409. Daly. mated losses of \$190,000 were recorded at branches in Manitoba, Alberta and Saskatchewan, outside of Winnipeg branch, and \$122,820 at branches in British Columbia. Specific losses, according to the report

Advances to the King Shoe Company and the Canadian Shoes, Limited, amounting to \$517,588; Arnprior Cabinet Company, \$120,410; advances re veterans' scrip and western real estate, \$250,347; False Creek Lumber Company, Vancouver, \$126,-394, and to the estate of the late Brig.-Gen. Mason and loans to the

Included at their book value in the statement of assets and liabilitie are certain assets which have a substantial value, but the definite worth of which can be determined only with their realization and to a large extent over a considerable period of time if sacrifice of such assets is to be avoided. With respect to each of such assets the curator reports: Eight per cent preferred capital stock of James A. Ogilvy, Limited Montreal, cost to the bank, \$225,000; advances to the Elgin Development Land and Securities Company, Limited, \$214,435; advances to Toronto City Estimates, Limited, \$775,036; •dvances to the County Investment divances to the County Investment Company, \$787,887; advances to A. C. Frost & Co., Chicago, \$1,856,301; investments in the Port McNeill Timber Company, Limited, Vancouver Island, \$1,004,804; Howe Sound Pulp and Paper Company, Limited (British Columbia), \$975,026; advances and loans made in connection with the South New Orleans Railway, Light and Power Company, \$1,143,234; due and Power Company, \$1,143,334; due by the British Dominion Holding and Corporation, Limited. Montreal, \$1,409,845; investment in and advances made to the Manufac-turers' Holding and Investment aggregate of advances of \$117,103
made by the bank to the Canadian
Debenture Corporation, Limited,
Dominion Industries, Limited, London and Canadian Corporation, and
T. S. O'Connor and H. J. Daly.
The advances to A. C. Freet The advances to A. C. Frost & Co., Chicago, originated in loans mad by the Home Savings and Loan Company against the security of bonds of the Chicago and Milwaukee Electric Railway Company at the time of its formation in 1908.

GOUGH TO RESIGN.

Canadian Press Despatch.
Ottawa, Oct. 3.—It is unofficially stated here that the resignation of H. R. Gough, vice-president of the Home Bank, is expected from the board of directors of the Canadian National

HOLD ST. CATHARINES MAN NOT TO BLAME FOR DEATH

Canadian Press Despatch. St. Catharines, Oct. 3.—A coroner's jury last night found that the death of Alex. Metcalfe of Thorold, who died from injuries received when he was run over by a car driven by Walter run over by a car driven by Walter Carlson, this city, on September 24, was accidental, and that the driver was not in any way to blame. Warrant For Arrest of Daly and Directors Based On Investigations.

CITES BANK ACT

Investigation Gives Ground For Belief That Directors Made False Returns.

Canadian Press Despatch.
Toronto, Oct. 3.—F. J. Russell and Casey Wood, directors of the suspended Home Bank, and O. G. Smith, chief accountant, were placed under arrest by provincial officers this afternoon, following the action taken by federal and provincial authorities. It is understood that the police are on the way to Lake Simcoe to arrest H. J. Daly, president, at his summer home there.

Canadian Press Despatch. Ottawa, Oct. 3.-A warrant has been issued for the arrest of President Herbert J. Daly of the Home Bank, it is officially announced today by the finance department.

This announcement was contained in an official statement issued here today at noon by Right Hon, W. S. Fielding, minister of finance, which states that as a result of the curator's report and other investigation, the department believes that the chief officials of the bank shortly before suspension made returns to the minister of finance containing false and deceptive statements of the bank's affairs. The returns in which these false and deceptive statements were

left here last night for Toronto, and issued for the arrest of 'President

Believe False Reports.

Mr. Fielding said that the question vhether action would be taken against other parties would be con-

sidered in due course.

The report of the curator of th Home Bank has been received by the dent of the Canadian Bankers' Asso-

From the curator's report and from other information obtained by a special investigation, conducted by a representative of the department of finance, the department believes that the chief officials of the bank, in the set Col. J. C. Mason, aggregating return prepared shortly before the bank's suspension, made returns to the minister of finance containing alse and deceptive statements of the bank's affairs, contrary to the provisions of section 153. The returns In question was signed by Herbert J Daly, president of the bank, and J Cooper Mason, general manager of the bank. Mr. Mason died soon after the return was made. Mr. Daly, it is inderstood, is in the city of Toronto Acting under the advice of the deartment of justice, an official of the

finance department, who proceeded to Toronto for the purpose, has this day laid information before the magistrate and a warrant has been issued for the ar est of President Daly.

These proceedings are taken under the bank act. Whether further deother parties, is a question to be con-

sidered in due course. As a matter of course any legal proceedings will be taken under the advice of the de-Cites Section of Act.

Section 153 of the bank act reads (a) The making any wilfully false or deceptive statement in any acor deceptive statement in any account, statement, return, report or other document respecting the affairs of the bank, or (b) the using of any false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the bank with intention to deceive or mislead any present in to deceive or mislead any person, is an indictable offense, punishable, un-less a great punishment is in any case by law prescribed, therefor, by imprisonment for a term not exceed-

ing five years.
(2) Every president, vice-president director, auditor, general manager or other officer of the bank or trustee, who negligibly prepares, signs, apwho negligibly prepares, signs, approves or concurs in any account, statement, return, report or document, respecting the affairs of the bank, containing any false or deceptive statement, shall be guilty of an indictable offense punishable unless a greater punishment, is in any case by law prescribed, therefor, by imprisonment for a term not exceeding

JOURNALIST IS CHOSEN

LIBERAL CANDIDATE Special to The Advertiser. Amos, Oct. 3.-Hector Authier ournalist, formerly from Montreal, and now publisher of L'Abitibi, a ocal weekly, was unanimously chosen as Liberal candidate for the coming by-election in the County of Abitibi at a convention held here last even-ing under the presidency of Hon. J. E. Perreault, minister of colonization,



lected president of the London South Collegiate Institute Literary Society yesterday afternoon. Miss Gracey is

SELL \$200.000.000

a fourth year pupil.

Brokers Wish To Distribute Bonds Among Individual Investors.

SURPASS OBJECTIVE

Local investment bankers and false and deceptive statements were contained were signed by Herbert J. Daly, president of the bank, and J. Dected. The \$200,000,000 worth of Cooper Mason, general manager.

Mr. Mason, it is recalled in the official announcement, died soon after the return was made.

An officer of the finance department the retunding loan had "gone over" better than the most optimistic expected. The \$200,000,000 worth of new Dominion bonds is now all old to financial nouses, and these had been count and be satisfied with the fifty per cent increase.

But now the street railway authorities are apparently dissatisfied. L. G. Tait, treasure of the company, notified the commissioner this morning that the commission of the count and be satisfied with the fifty per cent increase.

But now the street railway authority the commissioner this morning that the commissioner this morning that the commission of the count and be satisfied to accept the decided to acc private investors.

upon his application a warrant was scribers are sufficient to warrant the of the bonds, they will be readily purchased by loan and insurance companies and other financial and industrial institutions.

If diesex.

Messrs Jarvis and Hyman are also dissatisfied with the decision from the court of revision, the commissioner stated today, and formal and industrial institutions. benefit of individual subscribers. If dlesex.

contributed to the loan to the extent of \$20,000,000, it became known today. The objective placed by local bankers for the Western Ontario sale was originally set at \$15,000,000, but this has been surpassed by as high

Virtually Sold Out.

Johnston & Ward, Aemilius Jarvis & Co., Nesbitt-Thomson Company and other nationally known broker age and banking houses reported that the loan was virtually sold out, but a proportion of the bonds will be retained until October 15 for the benefit of farmers and others who may not have sufficient cash immediately available to invest. "Brokers have been assured that the entire star issued by the minis-

ter of finance has been over-subscribed," one financial agent said.
"We applied for more last week and received the additional \$28,000,000 only on the condition that the big allotments be cut down. The bonds are being sold at a quarter per cent appreciation by Toronto brokers already."

London banking houses whose ter-

land report heavy subscriptions of the 1928 maturity from big American

them to the United States, where they would have to pay the existing discount of 2½ per cent on Canadian

The bonds will remain in Canada for the five-year duration, by which time the Canadian dollar will undoubtedly be at par again. Not only doubtedly be at par again. Not only that, but the money is invested at a much higher interest rate in Canada than that existing across the border. According to one broker, who figured it out this morning, the Dominion government saves \$860,000 a year by the reduced interest of the Six-Year-Old John Miller Is new loan and the revenue obtained through income taxation, which was free on the old bonds.

Rumors Afloat Trustee To Quit

FROM VERDICT OF **REVISION COURT**

Assessment Reduced by 50 Per Cent, But This Does Not Satisfy Railway Directors: ASK SCRAP VALUE

Also Contend That Poles and Wires Are Exempt From · Taxation.

Now it is the street railway's turn. Assessment Commissioner Bennett

additional assessment from the street railway corporation. The others are appeals against income assessment from the Hon. Charles Hyman and depositors will be about \$11,250,000.
W. F. Jarvis. All are appealing This represents about 73 cents on the W. F. Jarvis. All are appealing against the final decision last week

ment this year. The company ap- 80 per cent. pealed at the last sitting of the revision court. A fifty per cent reduction was allowed. This did not satisfy either Mayor Wenige or the commissioner, who pointed out that brokers stated this afternoon that the company's assessment, contrary to the situation elsewhere, had remained unchanged since 1900. Only

Orders from big industrial subpealing against this fifty per cent. pealing against this fifty per cent. At the court of revision, the claim the Home Bank. Under the bank act the court of revision, the claim they can take the entire \$3,000,000 Lloyd George will arrive here Satclosing of the loan, but brokers will thorities that their holdings should not fill their demands. 'They desire only be assessed at scrap value, and to make as great a distribution of the that their poles and wires were exbonds as possible and millions of dol-lars worth are being held for the lars worth are being held for the sured, in the county court of Mid-



the 1928 maturity from big American industrial companies.

Avoid Discount.

It is understood that sales are being made to large American banks and industries who will leave their bonds in Canada rather than take them to the United States, where made one of the two vice-presidents of the National Dry League. Wright is at present the president of the Dominion W. C. T. U.

BY FATHER'S HORSE

Victim of Shocking Fatality.

ship, was this morning instantly killed when he was crushed to death under a heavy wagon at Mahood

Report Is That Edwin Smith

May Enter Utilities Race.

The boy was playing around the house at Mahood farm when his mother sent him for a scuttle of coal. She noticed her son had been gone for some time, and did not see him again until he was carried to the day that Edwin Smith, chairman of the board of education was about to resign from that body and seek reelection to the public utilities commission. In order to do this he must resign from the school board within a specified period.

School board authorities stated to-day that while they had heard similar reports, no resignation had reached their offices from Trustee Smith.

Depositors In Home Bank Likely to Get 73 Cents On the Dollar Experts Think

ARAN JOHNSTON.

Welsh Societies To Tender

Lloyd George Reception

On Sunday.

Canadian Press Despatch

urday night at 9 p.m. and will be officially welcomed to the city by the

mayor and a representative commit-

On Sunday, Lloyd George will

will then attend the First Baptist Church. After service there will be a reception by the Welsh societies. He will turn the sod for the New Westmount Baptist Church in the afternoon and in the evening will allow with Lord and Lord with later.

dine with Lord and Lady Atholstan.
On Monday, Lloyd George will drive around the city with the mayor

and will pay an official visit to the large workshop selected for his inspection. He will lunch privately with Sir Frederick and Lady Williams Taylor. He will address a large public meeting at the Mount Royal Arona at 3:30 inthe afternoon

Royal Arena at 3:30 inthe afternoon

Following dinner at the Mount Royal Club the distinguished guest will

leave for Ottawa on the night train.

TOURNAMENT AT M'GILL

time this month. Toronto and Queens An elimination tournament to

hoose four players to make the trip

UNIVERSITY WILL ENTER

breakfast with Mayor Martin and

VISITS OTTAWA NEXT

Much Depends On Whether Governments Enforce the Priority Claim.

STOCKHOLDERS HIT Local Financial Men Say Outlook For Depositors Better Than Expected.

Local financial men who desired their names withheld, informed The Advertiser today that Home Bank depositors would not receive more than 73 cents on the dollar. They based their deductions on the curator's statement of assets and li-

abilities, which shows a \$5,259,376 deannounced at noon today that three rather important appeals against his assessment will now be filed in the county court for an immediate hear
ing.

announced at noon today that three ficit, the assets amounting to about \$11,250,000 all told. They assume that \$3,000,000 of government deposits will be paid in full. This leaves about \$10,000,000 to be distributed to deposit the street of the positors holding \$15,000,000 in One of these is the appeal against counts. Assuming that \$1,000,000 will be collected from shareholders on the double liability clause, and adding \$250,000 reserve fund to the total, the amount left to be distributed among

Although A. B. Barker, curator for by the members of the London court the Home Bank, refused to predict what dividends depositors would receive after the financial tangle had been straightened out, local savings doubled the street railway assess- holders believe it will amount to over

The curator's announcement this morning showing that the total deficit would only reach \$5,259,376, was hailed with unfeigned joy by London depositors. They figure that this rep. resents approximately 20 per cent of the bank's liquid and slow assets, thus eaving 80 cents on every dollar deposited in the bank

Depends on Government. · What the depositors will ultimatey receive however, will depend large-ly on whether the federal and pro-vincial governments enforce their priority claim over individual depositors. The two governments combined hold nearly \$3,000,000 in deposits with before individual depositors are allowed a cent. Representations have already been made to Rt. Hon. Mr. Fielding urging the government to waive its priority rights and share on an equal footing with ordinary de-

If the finance minister agrees to Turn to Page 5, Columns 3 and 4.

Hydro Looks For \$20,000 Surplus

Business Growing As Rapidly As It Can Be Cared For.

The local hydro department will yield a comfortable surplus this year -perhaps as much as \$20,000 - according to a prediction by F. V Buchanan, general manager.

The hydro business is growing by leaps and bounds, and the department will be kept busy next year, as during

The University of Western Ontario will this year enter a team in the inter-collegiate tennis tournament to be held at McGill University some the present period, extending the lines, installing new transformers, At this moment there are as many as 17,000 customers, roughly, and the number is increasing just as rapidly as the department can take care of them. The maximum daily load for this number is 20,000 horsepower, as compared with about 17,000, the high mark during 1922. to Montreal will be held on the courts of the London Tennis Club during the mornings of this week. This is the

COMMISSION PROPOSES REDUCING WINE PRICES

meeting in Toronto, Mrs. Wright was commission on condition that made one of the two vice-presidents licensees shall not sell the wine to customers at more than 100 per cent advance on the net price charged by the commission to them. After Oct. 15, a \$4 bottle will cost licensees \$3

THE WEATHER

FORECASTS. Moderate to fresh southwest to north west winds; fine today and on Thursday; not much change in temperature.

Temperatures.

The highest and lowest temperatures today were: High. Low. Stations.

Weather Victoria 60 Calgary 72 Cloudy Clear Ottawa 66 Pather Point..... S. John 62 40 Fr Halifax 58 34 Cl LOCAL TEMPERATURES.

The highest and local temperatures recorded in London during the 24 hours previous to 8 o'clock last night were: Highest, 61; lowest, 28.

The official temperatures for the 12 hours previous to 8 a.m. today were: Highest, 47; lowest, 38.

Barometric Readings.

POSTPONE ACTION BRUCE ARRIVES

Lord Curzon Will Resume Report On British-Franco Relations.

OUTLINES SITUATION

Duke of Devonshire Reviews Condition of Affairs Throughout Colonies.

Special Cable to the Canadian Press by George Hambleton, Staff Correspondent. London, Oct. 3.-The opening speeches having been concluded, the imperial conferences are now settling down to work. At the meeting of the main conference, that of the premiers, at No. 10 Downing street, against this morning the question of publicity in connection with the conference proeedings was discussed, and a review of the political and economic situation of the crown colonies and protectorwho was yesterday elected vice-president of the Literary Society at ates was given by the Duke of Devonshire, colonial secretary. The most important question for consideration in this regard is the relation of the rown colonies to the rest of the em-

On Friday Lord Curzon, secretary of state for foreign affairs, will take up the story of Great Britain's foreign policy where it was left off by Premier Baldwin on Monday. Then it is expected that Britain's relations with France as a result of the Baldwin-Poincare conversations, will be

There has been a dendency at both he conference of premiers and the conomic conference to defer the submission of definite proposals until the arrival of Premier S. M. Bruce of Australia, and his coming will permit the discussion of something more concrete, although the general drift of the probable economic policy to be considered has been indicated. On the question of preference the forecasted, apparently is prepared to extend the existing preferences, but not so far as to include any radical changes in Britain's fiscal system such as the taxation of the principal foodstuffs. What Britain would ask in return the British government has not yet formally submitted to the conference, but an increase in the

ARREST TWO TORONTO MEN ON BREACH O. T. A. CHARGE

of the general tariff is unofficially

Canadian Press Despatch. Hamilton, Oct. 3.—Lorne Giles were arrested in Dundas yesterday, after a lively chase on Main street. The officers were looking for speeders. They claim they found a big bottle of liquor in the Toronto car, and an O. T. A. charge was laid. Giles was charged with speeding als They were remanded until Monday.

ACCUSE NEW YORK MAN

OF CAUSING CHILD'S DEATH Canadian Press Despatch. Montreal, Oct. 3.-Accused of the killing of 6-year-old Horace Vincent of St. Stanislas, who was fatally injured when knocked down by his auto on the road between St. Stanislas and Valleyfield last Sunday, J. H Bisenhart, aged 29, claiming to come from Morsehead, N. Y., appeared before Justice of the Peace Boyer of first team the local university has valleyfield yesterday. He will be arentered in the Big Three competiraigned before the chief magistrate entered in the Big Three competi- raigned before the

of the province on Oct. 4.

WHO IS THE BIG BATTER IN THE WORLD SERIES?

Will Babe Ruth come through? Or will he flop again as he has the past two years? Or will some unknown rookie rise from obscurity to become the hero of

What Is Your Best Guess?



The Advertiser will give a cash prize of \$25 to the person making the closest guess of the leading batter and his batting

BALLOTS WILL BE PRINTED EACH NIGHT UNTIL NEXT WEDNESDAY IN THE ADVERTISER'S TWO GREEN EDITIONS—the First Extra, on the street at 5 o'clock, and the Sporting Green, on the street at 6.

Who Is the Big Batter? Put Your Guess On a Green Ballot-As

Many Guesses As You Like.