

THE GORE BANK.

The adjourned meeting of the shareholders of this bank was held in Hamilton on Monday, Nov. 2nd; the President, Mr. E. Martin, in the chair.

Mr. T. McCracken, the Secretary, read the following report:—

The report of the Committee appointed to investigate the affairs of the Gore Bank, under authority of the following resolution of the shareholders, passed at their Annual Meeting of 3rd August last:

Moved by William Murray, Esq., seconded by Amelius Irving, Esq.:

That in order to satisfy the minds of the Shareholders of the value of the assets of the bank, and of the condition of its affairs in general, a committee consisting of Messrs. Geo. Taylor, F. M. Willson and W. F. Findlay, with power to employ a competent accountant if deemed necessary by them be requested to make a thorough investigation, and report thereon to an adjourned meeting to be held within three months from this day, to be fixed by the incoming Directors, which report of the Committee shall contain in addition a detailed list of all the losses of the bank since the 30th June, 1861, to the 30th June, 1868, and how said losses have been disposed of.—Carried.

To the Shareholders:

In assuming the office assigned to them by the foregoing resolution, your Committee felt that they were undertaking a very difficult and responsible duty, and while resolving to perform it faithfully, to the best of their ability, they were very anxious not to lay themselves justly open to the charge of having exceeded it.

2. It would, therefore, have been satisfactory to their minds had that clause in the resolution which requires them, in addition to the valuation of the assets, and the preparation of a statement of losses, to report upon "the condition of the Bank's affairs in general," been accompanied by some intimation of the points, to which their attention was expected to be specially directed. In the absence, however, of any such specific instructions, they have felt themselves bound to collect and exhibit such information, and such only, as seemed in their judgment to be necessary to enable the shareholders to obtain an intelligent view of their actual position, and to assist them in deciding upon their future course.

3. Three of the agencies, namely, London, Guelph and Paris, having been closed shortly before your Committee commenced their labors, they proceeded, in the first instance, to inspect the remaining three, namely, Simcoe, Galt and Woodstock.

4. The cash, bills and accounts, were found to be correct, with the single exception of the deposit receipt account at Woodstock, the accuracy of which, through the non-production of some of the receipts entered as paid, could not be very satisfactorily ascertained.

5. Had a regular efficient system of inspection of the agencies been in operation, an irregularity of this nature could scarcely have occurred, and great trouble would have been spared.

6. The business of Simcoe and Galt appeared to your Committee to be conducted with much care and judgment. The agencies not having a separate circulation of their own, and the profits accruing from cash deposits not appearing in their books, it is impossible to come to a very definite conclusion as to the results of their operations, but so far as under the circumstances they can judge, your Committee are of opinion that, from the two establishments just mentioned, the bank must have derived a fair profit upon the amount of capital employed, while the losses incurred there have been comparatively insignificant.

7. At Woodstock the business is far less satisfactory; a large number of the bills discounted are not of a desirable character; the collateral securities held by the agency against current transactions are, in most instances, of very questionable value, and the bad and doubtful debts have unfortunately reached a considerable sum.

8. After completing the inspection of the agencies your committee commenced on the 31st August their investigations at the head office, preparing a general balance sheet to that date.

9. As the present directors had recently counted the treasury cash, your Committee did not deem it necessary to repeat that operation, but accepted the certificate of the President as to the amount on hand. The cash in the Tellers' charge was examined in detail, and found quite correct.

10. Your Committee have also verified all the accounts as far as it was possible for them to do so.

11. The mode of cancelling deposit receipts being defective, and no suitable registry of them having been made at the head office, till the appointment of the present Cashier, it was found impracticable thoroughly to check this important account. All the transactions, however, since July 1st, 1868, have been carefully examined, and although, in some few instances, the paid receipts appear to have been accidentally lost or mislaid, your Committee having inspected the entries in the books kept by different officers, and which supply checks upon each other, see no reason to doubt that the amount shown as outstanding is correct.

12. The balance of the note account agrees with the information extracted from the note register, but it is proper to remark that this book, which was adopted at the establishment of the bank, is very insufficient for the purpose, and yet no suitable register could have been opened within the last five years, which would have been of much avail as applied to the present issues of the bank.

13. The charges account at the several agencies seems to be moderate in amount, but on examining the books and transactions, and enquiring into the duties of the officers at the head office, before 30th June last, your Committee are of opinion that a smaller staff might have been employed, without at all interfering with the efficient discharge of the business.

14. They did not observe any other items of expenditure that call for remark. Several sums, however, amounting in all to about \$3,800, have been entered to the account erroneously during the year ending 30th June, 1868, \$2,400 belonging to "charges" of former years, and about \$1,400 to past due bills or other accounts.

15. Much time and pains have been expended by your Committee, in the endeavour to produce a correct valuation of the various assets of the bank, including (besides cash) real estate, mortgages, past due and current bills, and other securities. Their enquiries have, to a great extent, been pursued apart from each other. Their information whenever needed, has been obtained from several independent reliable sources, and their object has been to give, as far as practicable, what may be fairly deemed the cash value of each asset, were ordinary exertions used to realize within the space of a few months.

Your Committee, however, wish it to be understood that their valuations of real properties and mortgages are based upon the assumption that the titles are all in a satisfactory state. They also think it important to add that as, in some cases, the policies of insurance upon buildings are not held by the bank, its claims, in the event of loss by fire, might be seriously jeopardized.

16. Your Committee, annex, as required by the resolution, "a detailed list of all the losses of the bank since the 30th June, 1861, to the 30th June, 1868, composing both of those which have already been written off amounting to \$193,595.57, and the amount, \$287,704.78, alluded to in the report submitted to the annual meeting on the 3rd August last, and which still remains to be disposed of.

17. And that the final result of their labors may appear, in as compendious and intelligent a form as possible, they have furnished a statement of liabilities and assets made up in accordance with what they believe to be the present position of the bank.

18. It would have afforded them the most unfeigned satisfaction, could they have conscientiously been able to present that statement in a shape more favorable to the shareholders.

19. Your Committee are well aware how easy it is to be wise after the event, and how extremely difficult properly to estimate the merits of transactions, which were negotiated under circumstances that have ceased to exist. Some points, however, of mistaken judgment appear to them so singular and inexplicable, that it would be wrong to pass them without notice.

20. While, therefore, they deem it just to remark that a large proportion of the losses incurred is to be ascribed to the errors and misfortunes of a comparatively remote period, they consider that they ought not to conceal the fact that some of those errors have been perpetuated by the Directors to a recent date, and followed by disastrous consequences, through their failing to maintain a prudent proportion between the capital of the bank and the extent of its individual risks, and also through the want, in some instances, of a sufficient regard to their part, to the adequacy and the available character of the securities, upon which important advances were made.

21. In concluding their report, your Committee feel that they would be evading a grave, though painful obligation, were they not to express their decided opinion that very much of what is now, for the first time, known to be lost to the bank, ought to have been long since written off as bad, and that a great part of the remainder should have been treated as of extremely doubtful value. And they deem it to be a subject for the deepest regret that the late Directors should not have seen it to be their imperative duty, both for their own sakes, and in the interest of all concerned, fairly to confront the difficulties with which the institution has been long beset, and to bring their published statements into harmony with the actual facts of the case.

All of which is respectfully submitted.

GEORGE TAYLOR.

F. M. WILSON.

W. F. FINDLAY.

General Statement of the Affairs of the Gore Bank as on the 31st August, 1868.

LIABILITIES.	
Capital.....	\$809,280 00
Circulation.....	212,712 00
Deposits bearing interest.....	110,902 31
Deposits not bearing interest.....	74,121 88
Balance due to other Banks, &c.....	14,328 44
Unpaid dividends.....	187 60
Adjusting exchange account.....	1,029 50
	\$1,222,561 96
ASSETS.	
Gold and silver coin and Provincial notes.....	\$161,594 97
Cheques and notes of other Banks.....	15,325 26
Balance due by other Banks.....	12,666 57
Government and Municipal debentures.....	163,118 39
Mortgages.....	40,979 69
Real estate.....	28,691 49
Bank of Upper Canada certificates.....	24,715 01
Bank premises, office furniture and stationery.....	12,600 00
Notes and bills discounted, and other debts due the Bank not included under the foregoing heads.....	459,245 54
Adjusting interest account, after reserving rebate on bills current.....	258 52
Profit and loss.....	315,466 57
	\$1,222,561 96

Hamilton, Oct. 17, 1868.

The Director's Report is as follows:—

The Directors, in forwarding the report of the committee appointed by the shareholders at the annual meeting held on the 3rd August last, at the same time transmit a report from themselves upon the present condition of the affairs of the Bank. It was found advisable to close the agencies at Guelph, London, and Paris, which has been done accordingly, and all outstanding accounts transferred to the office here. The Directors regret that the affairs of the Woodstock Branch were found in an unsatisfactory state; they therefore relieved Mr. Park, the Manager, from his position. After this occurred, it was ascertained that he had misappropriated the funds of the Bank; the loss, however, will be recovered from his sureties. The cash in the treasury has been counted by your Directors and found correct; the cash at all the agencies, including those closed, was also found correct. Your Directors have considered the question of staff carefully, and concluded that a reduction of four officers at the head office could be made without impairing the proper management, which has been done. Your Directors have gone carefully over the assets and liabilities of the Bank, which, it will be seen, substantially agrees with what has been furnished by the committee—the difference, in a great measure, being accounted for by subsequent collections, of which explanation will be given at the meeting. The balance of \$5,030 (in round numbers) is actually available to the Bank, without taking into account the gain which will accrue to the Bank by the loss of its notes in circulation, which, it is thought, will be very considerable.

Every debt considered bad has been written off, and ample allowance made where any doubt existed as to the value of an asset. The paper discounted at the other Banks, referred to in the report of the late Board, amounting to \$73,000, has been paid at maturity, without assistance from the Bank. The disposal of the properties held by the Bank has been vigorously prosecuted, with very satisfactory results, the sales amounting to \$18,975, at the valuations given in our statement, the funds being made available for banking purposes. Your Directors have every reason to hope that after public confidence has been restored, (which, it is fully expected, will result from the publication of your committee's report, to regain much of the lost business, which was of the best character, and to open a wider field for agricultural loans in small amounts, in addition to their ordinary business. In view of the reduction of the capital to its present amount—say \$500,000—it will be necessary for the shareholders to consider what course they will adopt, as the charter prevents the payment of dividends until the amount of subscribed capital shall be fully made up. The Board having elected Mr. E. Irving, President, and that gentleman having resigned shortly afterwards, the Hon. Samuel Mills was unanimously elected President. Mr. W. G. Cassels having sent in his resignation to the Board, which they accepted, it is not their intention to continue the office of cashier, which duty will be performed by the party to be hereafter selected to fill the office of manager. Mr. Cassels, however, has consented to retain office in the meantime. In conclusion, your Directors consider it will be to the interest of the shareholders to take the necessary steps to alter the name of the bank to that of The Bank of Hamilton. Edward Martin, President, T. McIlwraith, Vice President, C. McQueen, Wm. Hendrie, Samuel Mills, William McMillan, John Waldie.

LIABILITIES AND ASSETS OF THE GORE BANK AS AT 31st AUGUST, 1868.

Circulation.....	\$212,712 00
Deposits at Interest.....	\$110,902 31
“ not at Interest.....	74,121 88
	185,024 22
Balance due to other Banks.....	14,328 44
Unpaid Dividends.....	187 60
Allowed for:—	
Adjusting Exchange.....	1,000 00
Law and other expenses.....	3,000 00
Rebate of Interest on current bills discounted.....	3,851 75
Incidentals.....	5,000 00
	12,851 75
Balance to Credit of Capital Account.....	500,479 87
	\$925,584 08
Gold, Silver & Provincial Notes.....	\$164,594 97
Cheques and Notes of other Banks.....	15,325 26
Balance due to other Banks.....	12,666 57
Bank of U. C. Certificates, (Market value).....	24,715 00
\$32,733.33 of Government Debentures, (Market value).....	76,114 66
\$118,800 of Hamilton Debentures (Market value).....	77,831 00
Mortgages.....	40,963 00
Real Estate.....	22,891 00
Bank premises.....	12,000 00
Sales and office furniture at Hamilton and branches.....	1,500 00
Interest on Debentures (to date).....	1,480 87
Other debts.....	7,660 00
Notes and bills discounted current.....	410,131 19
Less allowed for loss.....	80,041 53
	330,089 66
Notes and bills discounted—past due.....	279,997 38
Allowed for loss.....	142,235 28
	137,762 10
	\$925,584 08