

## APPENDIX No. 3

The CHAIRMAN.—How many shareholders have you in that society at Lévis?

WITNESS.—About 900. I say about, because people are going in and out.

The CHAIRMAN.—The average membership is 900 ?

WITNESS.—Yes.

The CHAIRMAN.—How did you organize it at first ? There is of course a board of directors ?

WITNESS.—When the shareholders had subscribed shares, we made the best choice we could. Then we had a general meeting and at that general meeting the board of administration, composed of nine members, was elected by the shareholders. Another committee, called the Commission de Crédit, or Credit-Commission, a special body to deal only with the loans, was appointed by the general meeting as well, and then a third body, the Commission of Surveillance, or you might say auditors, were appointed, not by the board, but by the general meeting, by the shareholders themselves.

The CHAIRMAN.—So that you have three distinct boards ?

WITNESS.—Exactly. The auditors are really the general meeting sitting en permanence alongside the officers they have chosen and the board have no control over them. They can tell the board, 'You can do this or that if you dare; but if you do, we shall suspend operations for the time being and report to the general meeting.' They have the right to inspect the books day and night and go to them when they please. In my own experience I can say that they have always done their duty. They would tell me: 'Mr. Desjardins, we want to see your cash.' 'There you have everything, here is the cash book, the bank book, the loan book, and make the addition and see whether it is correct or not.'

Mr. BOURASSA.—So that that board which has the responsibility to the shareholders of looking after the good administration, is not at all under the authority of the credit board ?

WITNESS.—Not at all. It has more authority than the board of administration and more authority than the board of credit.

The CHAIRMAN.—It is a striking difference between the general by-laws that are made by banking institutions where the auditors are selected by the board of directors without referring to the shareholders ?

Mr. MONK.—These institutions on the whole are much more democratic.

The CHAIRMAN.—Therefore, the shareholders have three boards, a board of directors, the credit commission, and the auditors ?

WITNESS.—Yes. Of course the word 'auditor' does not exactly convey the meaning I wish to convey.

Mr. MONK.—A board of censors ?

Mr. BOURASSA.—The power of an auditor is simply to look over the work and report on it.

The CHAIRMAN.—What further authority have they ? Can they suspend the board of directors or suspend operations ?

WITNESS.—To even the president they can say, 'Go and sit down there and be quiet. We shall rule this society until we have a general meeting.'

The CHAIRMAN.—How many members are there on each board ?

WITNESS.—On the board of administration there are nine, on the commission of credit there are four, elected directly by the general meeting, while the chairman of the association is a member ex officio, and then the auditors or supervisors number three.

Mr. SINCLAIR.—Do they get any money ?

WITNESS.—No. It is desired that no officer get remuneration except the manager.

The CHAIRMAN.—By whom is the selection of general manager made ?