

## THE DOMINION BANK.

AFTER encountering more ordinary difficulties than usually fall to the lot of new financial institutions this Bank was inaugurated in the early part of the year 1871. Its charter was obtained in June, 1869, but owing to various causes there was only a small amount of reliable stock on the books at the end of September, 1870. In order to save the charter the Provisional Directors decided to ask certain gentlemen to come in and give advice and assistance. The result was that over \$400,000 was subscribed before the close of 1870, and the necessary deposit of \$100,000 was made to enable the Bank to organise. Mr. JAMES AUSTIN became President, and has continued to fill the position ever since. The Bank was fortunate in securing the services of Mr. R. H. BETHUNE as Cashier, he having filled the office of Manager of the local branch of the Quebec Bank. Business was begun in April, 1871, with good prospects, and was limited only by the amount of its paid-up capital, which was then \$317,898; the value of the stock on 'Change being 112 to 113. At the first General Meeting of the shareholders in April, 1872, the Directors had a profit of \$107,488, after making proper provision for doubtful debts, and the contingent expenses, which enabled them to declare a dividend of 8 per cent. per annum. The paid-up capital was then \$834,544, and the rest \$50,000. Agencies were opened at Whitby, Oshawa, Orillia, and Uxbridge, all of which did a fair amount of business. This new comer continued to make progress, and evinced in its management a prudence and constancy of purpose quite equal to those of its older neighbors. At the end of the second year only one bad debt, and that of small amount had been made. Several years of the best portion of the commercial prosperity of the country were passed, enabling the Bank to secure for itself a firm basis. The capital was nearly all paid by the time of the meeting of 1876, and a rest of twenty-seven per cent. on the paid-up stock had accumulated. During the years of general adversity the Bank was carefully piloted through under the able and efficient management of the officers. In the troubled time of 1879 the usual dividend continued to be paid at the rate of 8 per cent. per annum, while the rest account grew larger. In 1882 the capital of \$1,000,000 was fully paid up and the Bank reserve was \$500,000. Few banks have been characterised by such prudence in the days of their youth as this one. The last report was equally gratifying, showing results still more brilliant than those of former years. The capital is now \$1,500,000 and the rest \$850,000. Such a showing may well justify the confidence of the public, and lead them to feel safe in their dealings with an institution like the Dominion Bank. In the immediate future there is everywhere something of uncertainty. Manufacturing has been overdone, and merchants have over-

traded. We are passing through a period of hesitation, a day of stock-taking, which is to some extent attributable to the ease and freedom with which some banks have aided unsound traders. There are always to be found men who can show for their pet projects "millions," but we are pleased to acknowledge that such have had no countenance from the "Dominion." That it will continue to pursue the even course on which it embarked so many years ago we have no doubt. The period of doubt and anxiety experienced ere it could commence business probably did it a lifelong service. The soberness and wisdom of its policy have been amply sustained by its present standing, which was never more healthy than it is to-day. The public will continue to recognise in it one of its best servants, and the commerce of the country will be aided and prospered to a still greater extent in proportion as such concerns find favor among the people.

## EXCHANGE BANK DEPOSITORS.

THERE is abroad a large amount of well-deserved sympathy for the plundered shareholders of the Exchange Bank. But what about its unlucky depositors, whose troubles are quite as deserving of condolence insofar as their necessities are the more immediately pressing? The sudden suspension of the Bank brought to the majority of such depositors the close of their means of obtaining financial accommodation to meet their pressing business necessities. They were everywhere looked at askance when they opened out their needs to rival institutions from which they had hitherto kept carefully aloof. The tendency of such sudden closing down on many of them is too evidently to precipitate them also sooner or later into insolvency. As a matter of fact several unexpected suspensions have taken place since the Exchange Bank closed its doors, and examination into the state of affairs has in frequent cases shown an amount of good assets exceeding even the nominal liabilities. The sudden withdrawal of the usual bank accommodation, legitimately relied on, almost alone brought about these catastrophes, and others may be but too safely looked for. Influential bank managers have of late taken no little pains to indoctrinate "interviewers" with the belief that everything is fairly sound in commercial circles and that great circumspection is everywhere paramount. This is, possibly, essentially true just now, but the late developments in connection with the Exchange Bank and other financial institutions have somewhat weakened confidence all round. Thus the bad corner into which the Exchange Bank depositors are driven is quite capable of a good deal of extension and may soon have more widespread results for evil than are for the moment contemplated.

THE Treasury in Washington is so full that the statesmen do not know what to do with the bullion.

## CERTIFIED CHEQUES.

IT may be remembered that some months ago we called notice to a case then attracting much attention in American financial circles involving the responsibility for the certification of cheques. It appears that a certain cheque had been presented at a New York bank and duly certified as good. It turned out subsequently, however, to have been "raised," when the Bank certifying denied its responsibility for the sum fraudulently exceeded. After much litigation the matter finally reached the New York Court of Appeals, which decides in favor of the Bank that thus inadvertently certified. That tribunal declares that when a bank has certified a "raised" cheque by mistake, and subsequently pays the money thereon, without any culpable negligence on its part, it can recover the amount thus paid as money paid by mistake. The Court further argues that when a cheque is presented for certification to a bank on which it is drawn the purpose is to ascertain with certainty what the bank alone can know, and that is, whether the drawers of the cheque have funds sufficient to meet it; and further, to obtain the engagement of the bank that those funds shall not be withdrawn from the bank by the drawers of the cheque; to this extent the knowledge of the bank must, of necessity, enable it to go, in the way of assertion; and its own power over its own funds will suffice to protect it as to its obligation. But if the doctrine contended for in opposition to this view is correct, and the certifying bank is bound to warrant, not only the genuineness of the drawers' signature and the sufficiency of their credit, but also the genuineness of the cheque in all its parts, including the specification of the amount to be paid, and the names and identity of the payees, then obviously there must occur an immediate and complete change in the modes of doing business, which would defeat and practically put an end to the use of the certified cheques. For no bank, the Court maintains, under such a rule, could safely certify a cheque without, in the first instance, investigating its origin and history by enquiry of its makers and payees. The burden of such enquiries could not be borne without interfering with or interrupting the other necessary business of the bank, and the practice of certifying cheques would have to be abandoned, or a staff of inquirers instituted in every bank, specially charged with these duties. It is plain, the Court therefore thinks, that banks, in self-protection, would be compelled to refuse altogether to certify cheques, and that this convenient and useful invention of modern business would come to an end. The mischief would arise from charging the banks with a knowledge that, in the nature of things, they cannot possess. We are not aware that this question has ever yet been raised before our Canadian tribunals, and therefore give this decision for the benefit of our financial readers here. It is understood that the United States Supreme Court is about to be called upon to pronounce finally on this delicate and complex point.