

lies; and we all know the fruits which it has borne. Do people who talk in this wild and reckless way really know what they are saying, to what they are trying to commit themselves and their province?

We can understand the disappointment which the Manitobans are experiencing. Sir John Macdonald once said that, on a question of this kind, the Dominion authority could not check Manitoba; and Sir Charles Tupper as good as promised that when the Canadian Pacific was completed, the right of any one to build railways south of their line, to the American frontier, would be conceded. Now Manitoba finds herself checked, so far as paper vetoes can do it, and the right to build a railway to the frontier is denied. Neither Sir John Macdonald nor Sir Charles Tupper has ever, so far as we know, explained why the hopes they held out are not being realized. There is in this great cause for disappointment, and even for rational resentment, proportioned to the provocation. But it is no reason for losing one's balance, and acting like an irrational being. The pretence that a handful of men in Manitoba can defy the power of the Dominion is either uttered in bad faith or in a total misapprehension of the true state of the case. Alone, Manitoba could do very little, in the way threatened, and the only possible ally she could get is American Fenianism. But with American Fenianism for an ally, she will be crushed and ruined, and he is not her true friend who tries to make her believe the contrary.

THE BANK OF LONDON.

As announced in our last issue, the Bank of London in Canada, suspended payment on the 19th instant. Negotiations were in progress for a transfer of its business to the Bank of Toronto, and it was expected by the authorities and friends of the former institution that these would be carried out last week. Indeed some of the journals made haste to announce that the transfer was a fact; and at least one of them somewhat prematurely congratulated both banks on its occurrence. But the arrangement was never signed. As the story goes, Mr. Henry Taylor, the president, was to personally secure certain final signatures and official seals in London, but instead of doing so, he personally absconded to an American watering-place, having previously mailed the documents here, addressed to London.

The bill-holders of the suspended bank need sustain no loss, nor is there serious reason to suppose that its depositors will lose anything. The circulation of the bank did not exceed \$220,000 while by the return made to the Government in July it had just about that sum in available assets. Its deposits amounted to \$940,000 and the total of its liabilities to the public reached, by the last directors' report, \$1,182,912. How much of the million and a half (\$1,474,406) of assets is realizable to meet these remains to be seen; but then there is the double liability of shareholders to fall back upon for the protection of its creditors. Referring to these assets, one cannot tell what changes the specie and

cash balances and "available assets" of the bank may have undergone since the last return was made to Ottawa, but these footed up at the close of July \$299,114 as against \$294,715 at the close of June. Then its call and other loans and current advances totalled \$1,141,000, past-due bills \$12,000. Then there is the capital, \$1,000,000 subscribed and 223,588 paid up; besides the "Rest," \$50,000; but one may be excused from pinning one's faith to any "Rest" which Mr. Henry Taylor had a hand in manipulating, when we recall his ingenious formation of the Reserve, so-called of the now notorious Ontario Investment Association, which (the reserve we mean) is now "gone where the woodbine twineth." An incident of the last annual meeting of the bank is worth recording. One of Mr. Henry Taylor's admirers (and he had a good many, though they will not admit it now) rose, on that occasion, and after eulogizing Mr. T., and referring to the fact that he had done four years' work as president, without pay, moved that he be "requested to accept," we believe this is the phrase, \$10,000 as four years' salary at \$2,500 per annum. This was strenuously opposed by a prominent shareholder, who contended that while there was a run on the bank, it was no time for *douceurs* to its officers. The cool and smiling president, however, had proxies enough to vote himself the \$10,000 and this he proceeded to do, with grateful thanks. Query, did he draw the money?

We are told that the business, done at the branches of the Bank of London, five in number, was of a good character, and so far as has yet appeared there is no serious loss to be apprehended in the winding up of its business as a whole. The agent at Watford, Geo. Jones, ran away last week it is true, with \$2,500, but that sum can be recovered probably from his bondsmen. The reports of the gentlemen who looked into its affairs on behalf of the Bank of Toronto were, we understand, very fairly satisfactory as to the character of its accounts. In any case, therefore, whatever loss is sustained must fall upon the stockholders, the worst that may happen to bill-holders and depositors being delay in the payment of their claims.

A question that will occur to almost any one in connection with this affair is: How did it happen that so many shrewd and substantial men, in London especially, aware as they must have been, of Henry Taylor's career, and of his scarcely-concealed contempt for commercial morality and "old-fashioned" but time-tried methods of business, trusted him as they did and ventured with him in his various schemes. The answer must be that they were greedy for the profits that his bold plans were expected to bring and that they were under the glamour of his success, achieved as it often was by ingenious fraud carried on with an *aplomb* and a dash that would have imposed upon an inspector of police. It will be a good thing for London and for the whole of Western Ontario if we have seen the last of this designing speculator, who began his career as a financier by cheating the Imperial commissariat and who wound it up by lightening the pockets of investors, British and Canadian, in his numerous and pretentious schemes.

LOAN SOCIETIES, SAFE AND UNSAFE.

It is not always easy to correct a false step; and the introduction into the commercial and financial machine of a snag or a piece of grit may have evil consequences for innocent persons or corporations. A false step was taken when a man like Henry Taylor was permitted to have the control of so much capital as he did; and a very tough snag has appeared among the cogs in Western Ontario. The collapse of the Ontario Investment Association has already occasioned inconvenience to some sound loan companies here, and it may not unlikely cause distant bondholders to be timid about Canadian investments, since, if the Government Return be correct, the concern just named has sold debentures to the extent of £280,000 in Great Britain. One broad reason that this company came to grief was that its powers were too great for its unscrupulous management. It was incorporated under the Joint-Stock Companies' Act and could lend on almost any description of security. It is proper to say, however, that there is no cause for general alarm in the failure of this concern; the good loan companies, and there are plenty of them, are as sound as they ever were.

We wish to call the attention of our readers to the significant fact that the three loan or investment companies which have come to grief, in London, within a few years, the Financial Association of Ontario, the English Loan Company and the Ontario Investment Association, were all incorporated under the Joint-Stock Companies' Act which gives extraordinary powers. And further, *not one* of the companies incorporated under the Building Societies' Act has failed. These had not the same chance "to make ducks and drakes" of their shareholders' or debentureholders' money as Mr. Taylor or Mr. LeRuey, for they were, and are, restricted by law to certain kinds of loans and have a certain proportion of borrowing power to their capital. But after all, the important distinction between a company which is likely to be safe and one which is not, lies in the respectability and capacity of its originators and managers. In passing we may say that it is said to have been a big "deal" in opium which wrecked LeRuey's Financial Association, such and so wide were his lending powers. It is perhaps premature to say just how the ruin of the Ontario Investment is compassed, but it was a fatal symptom that its "paid capital" was paid up partly by notes instead of cash and that its reserve fund was a dishonest pretence. The sequel, a yawning deficit which has impaired the capital and imperils the bonds, comes naturally after such a beginning.

There are a number of respectable loan companies whose reputation may possibly suffer in the estimation of people at a distance because of similarity in name to the concern we mention. The Ontario Loan and Debenture Company, of London, and the London and Ontario Investment Co., limited, of Toronto, both respectable companies, have borrowed abroad upon debentures.