

and as it is even doubted if the Directors be legally empowered to do so, they must leave the matter to the judgment of the Shareholders, and abide by the action which they determine to take upon it. (The Directors however feel that it should be clearly understood that this loss is of an entirely exceptional character, in no way indicative of any diminution of the success of the Company, which must be apparent to all from the continued ability of the Company to declare profits to Policy-holders upon the same liberal scale as in past years.

The Directors, who were Trustees of the Savings Bank, although they considered that they were in no wise morally responsible for the loss which had arisen from the default of the Actuary, a view in which the whole Board entirely concur, were desirous that their legal responsibility should be ascertained by a reference of the facts connected with the transfer of the Savings Bank to eminent Chancery Counsel, and accordingly on their motion a case was prepared and submitted, the result of which has been to charge them with a liability, which they never believed they had incurred, and from which, acting as they did in the most thorough good faith, it must rest with the Shareholders to afford them relief.

The Directors have explained in former Reports that interest upon all investments upon which doubt of its realization may exist, is excluded from the Company's valuations, by which a certain portion of the Company's capital is held as not yielding a return. Seeing that the particular investments upon which interest has thus been struck off, were, as might be expected, those on which the largest returns were predicated, it will be apparent that the course adopted for the present diminishes the average rate of interest on investments, this diminution bringing the rate realized below the 6 per cent. on which calculations are based. This can in its operations however, only be temporary, and so the prosperity of the Institution is not affected. The new investments being made at 7 and 8 per cent., or higher than the 6 per cent. upon which calculations are based, must rapidly again restore the average to over 6 per cent.

Within the past few weeks the Board have regretted to find that Mr. SIMONS, who had been the Company's Secretary from its commencement,—not satisfied with the simple performance of the duties entrusted to him,—had so far forgotten what he owed to the Company, as to have been instrumental in damaging it, and pursuing a course of conduct destructive to its best interests; for this great dereliction of duty, of which he admitted himself to be guilty, the Board was under the painful necessity of dismissing him from the employment of the Company.

It will be in the recollection of the Shareholders who were present at the meeting on 5th August last, that the Directors then expressed their intention of causing a careful investigation and scrutiny of the Company's securities to be made, with the view to allaying an anxiety which was then being fostered in the minds of the public. The subject received the immediate attention of the officers of the Company, who intimated to the Board the amount of loss it was thought possible might arise on the investments. Deeming it well, however, that an investigation and opinion of the subject should be made by some gentleman of high standing, skill, and experience in such matters, and totally unconnected with the Company, or any of its transactions, the Board requested Mr. PATON, of Kingston, Commissioner of the Trust and Loan Company of Upper Canada, to undertake the enquiry, and to make it of such a character as would enable him to report his opinion to the Company. The Report as furnished by him is annexed hereto. The loss Mr. PATON estimates as likely ultimately to arise, amounts to \$62,583, a sum less by \$4,000 than that which had been estimated by the Company's officers. Looking to the inflated views of the value of Real Estate which obtained in this country during some of the years when investments were made, no one will feel surprised that this, like every other monetary Institution, should have experienced losses; and when it is considered that during the Company's fifteen years' business, transactions covering capital of not much less than a million and a half of dollars have been dealt in, even if the whole estimated loss should arise, its amount of about 4 per cent., or rather over a quarter per cent. per annum is such an one as will satisfy the shareholders and the public, that the Company's affairs have not been conducted with that want of care and caution which its opponents would indicate. That the Company is able, without the least injury to its stability, to at once write off the whole estimated loss, as it has done in the accounts now laid before the Shareholders, is surely abundant evidence of the strength of its position.

To add further to the public confidence in the Company, the subject of the appointment of Auditors to examine into the Company's affairs and accounts, received the most anxious consideration of the Directors, and after careful enquiry with the view of obtaining gentlemen for that duty whose ability, entire independence of the Company, and experience in accounts and securities, should be public guarantees for the integrity and efficiency of the audit they were to conduct, they procured the services of Mr. T. D. Harris, President of the Board of Trade, in Toronto, whose prominent position there, and his connection with institutions of a similar character to that of this Company, seemed peculiarly to fit him for the task proposed. They conjoined with him Mr. Charles Robertson, of Toronto, Secretary of the Board of Trade there—a gentleman whose high reputation for integrity and skill in investigations of the kind desired, appeared thoroughly to adapt him for the object in view. The report of these Auditors is appended.

With the result of the investigations of the different gentlemen employed, the Directors feel that both the Shareholders and Policy-holders have every reason to be satisfied.

Since the meeting on 5th August, the Hon. Donald McDonald has reiterated his charges against the Company, These the Board would have preferred to meet at the proper time, at the Shareholders' meeting, but as that would not take place for some weeks, they felt it their duty at once to notify the public, that the charges intended to injure the Company were "devoid of truth," and they think the shareholders and the public will uphold them in that statement.

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