

HOW MANITOBA'S BANK WILL BE MANAGED

Regulations Issued by Provincial Government—Books Subject to Inspection of Comptroller-General—Reserve Fund Not Necessary, Says Provincial Treasurer

MANITOBA'S plan for the financing of the rural credit societies will soon be put into effect. A site for a branch in the city of Winnipeg has been secured in the Lindsay Building, at the corner of Garry Street and Ellice Avenue, and it will be opened in July. The system will be operated under the authority of the Provincial Savings Act, passed at the last session of the legislature. A central board, composed of E. A. Weir (chairman), A. Fisher, J. R. Murray, F. J. Colyer and J. W. McWuay, will administer the act, the first three forming an executive committee.

Regulations have already been issued by the provincial government regarding the conduct of the business. These deal largely with the details as to calling meetings, etc., and keeping records of business transacted. Regulation number 8 says: "All books and records of agents and all books and records of the board of trustees shall be open at all times to the inspection of the comptroller-general of the province, and there shall be twice in every year an audit by the comptroller-general of all such books and records."

District boards of trustees are to meet quarterly. Interest at the rate of 4 per cent. is to be allowed on deposits.

No Reserve Fund to be Required

The provincial savings bank will be an organization separate and distinct from the government, according to an announcement made by Hon. Edward Brown, on June 2. Mr. Brown stated that all persons in responsible positions in the new organization will be bonded and that an audit of the financial condition of the bank will be made once per month. The board of trustees will supervise the investment of the money and if it is loaned to the government the arrangements will be precisely the same as those in any other bond or treasury bill issue. The department will receive government securities for all funds so loaned bearing a stipulated rate of interest. Mr. Brown stated that the chief difference between the new provincial savings bank and general banks will be in the matter of the reserve fund required to cover depositors.

In the general banking business an amount totalling 25 per cent. of the amount of money received on deposit has to be held in reserve. This is because the general run of business in a bank embraces securities that cannot be readily liquidated, said Mr. Brown. As far as the provincial organization is concerned, the class of securities in which the deposits will be invested will be limited to provincial, school district and municipal debentures. Under the head of provincial securities will come the rural credits and the Manitoba farm loans. Such securities, said Mr. Brown, will be of the class that can be quickly liquidated so that no reserve fund of this nature will be required.

Deposit Systems Combined

The deposit business of the Manitoba Farms Association will be assumed by the provincial savings trustees, according to an announcement made by E. A. Weir on June 10. Mr. Weir referred to the fact that both organizations were now empowered to accept deposits, guaranteed by the province, at 4 per cent. interest, and continued:—

"In order to obviate any possibility of misunderstanding or confusion in the public mind, the board of the Manitoba Farm Loans Association has kindly agreed to have the deposit end of its business merged into the new savings office which will be opened shortly. The Farm Loans Association at its office in the Scott Block will act as an agent for the new saving office for any depositors who find that office convenient. Depositors, not bond holders, who already have their accounts with the Farm Loans Association may leave them there or change these to the new savings office when a pass book will be submitted for the deposit certi-

ficate. As old depositors with the Farm Loans Association bring in additional funds their attention will be directed to the new savings office and new deposits will be taken for that institution.

"The Farm Loans Association, of course, will still continue to accept moneys for investment in its bonds, maturing in from one to ten years and bearing interest at 5 per cent."

CONTRACT IN REGARD TO COMPANY REORGANIZATION

Court Holds Contract Enforceable Against Estate—Relation of Executors to Deceased's Contract—Definition of "Quick" Assets

IN an appeal from the judgment of Justice Drysdale, of the Nova Scotia Courts, the Supreme Court of that province, in reversing his judgment, held that the executors of the estate of one party to a contract cannot succeed in an action to rescind the contract on the ground of fraud and misrepresentation where the facts establish that the deceased was told and knew all about the matter before entering into the contract.

The facts are, in effect, that the Canada Clay Co., being on the verge of insolvency, an agreement was entered into between Davison and the officers of the company, through Grandin and Priest, whereby the company was to be reorganized under the name of the Pictou Clay Co., Davison to be the largest shareholder in the latter company. The agreement contained a clause in regard to the payment of liabilities over which the present case and appeal arise.

Financial Position of the Company

A reference to the statement of quick assets and liabilities of the company enclosed in Grandin's letter shows that the gross liabilities were \$7,848.95; the quick assets were \$2,042.30, and the net liabilities were \$5,806.65; and in Grandin's letter there is a statement that "The promoters of the Pictou Co. to receive 587,193 shares remaining in the Canada Clay Co.'s treasury on payment of the company's debts (\$5,806.65, plus expenses likely to be incurred between now and taking over the Canada Clay Co., say, in all, \$7,000), which are to be exchanged for 58,710 shares in the Pictou Co." The net liabilities are referred to in this clause and in the statement, and the \$5,806.65 is arrived at by deducting the quick assets in question from the gross liabilities. The evidence shows that these quick assets were handed over to the defendant, who paid all the debts, and the contention of the plaintiffs is that the agreement on the part of Priest to pay all the debts of the company required him to pay the gross debts without the aid of these quick assets.

Knew Conditions of Contract

The court took the view that from the evidence there is no escape from a finding that Frank Davison knew from the beginning that the \$2,000 of quick assets were not to form part of the assets retained by the company, but were to be applied in reducing the liabilities to about \$6,000, and that sum was what was to be paid by Priest.

Harris, C.J., in his written judgment, says in part: "The quick assets consisted largely of promissory notes, stocks of manufactured brick, coal and cement. The word 'properties' is an apt phrase to use in referring to the lands, but quite inappropriate in referring to these quick assets. I think it is obvious that it was not intended to include the quick assets."

"The only answer suggested by counsel for the plaintiffs was that the agreement expressly stated that all the debts were to be paid by the defendant (Priest). I have already given my reason for thinking it did not include, and was never intended to include, the quick assets, but, assuming that it did, it could at most give rise to an action against the defendant to restore these assets to the company. It would not justify a judgment setting aside the agreement."