

ORGANIZATION OF FARMERS BANK

Cost Nearly Half a Million Dollars—Liquidator Clarkson Has Compiled Figures.

That \$42,871 was paid in commissions and \$11,760 in directors' fees is learned from the schedules of receipts and disbursements made by the Farmers Bank provisional directors, and compiled by Mr. G. T. Clarkson, liquidator.

According to the schedule the directors themselves got over \$11,000. The following particulars are given:—January 21—Smith, \$200; Lown, \$192; Ferguson, \$80; Fraser, \$80; Watson, \$125; Gallagher, \$162. February 9—Ferguson, \$100; Fraser, \$40. May 2—Fraser, \$30; Ferguson, \$30; Watson, \$75; Gallagher, \$78.30; Lown, \$30. November 7—Lown, \$10; Ferguson, \$10; Fraser, \$10; Gallagher, \$26.10; Watson, \$25. March 10, 1906—Fraser, \$10; Ferguson, \$10; Watson, \$25; Lown, \$10. April 3—Watson, \$50; Lown, \$20; Fraser, \$20; Ferguson, \$20. July 4—No name, \$2,500; no name, \$2,500; no name, \$3,000; no name, \$2,000; total, \$11,760.40.

Big Stock Commissions.

Some of the larger commissions for selling stock were paid out as follows:—To C. H. Smith, \$5,380.50; to W. R. Travers, \$23,390; to Alex. Fraser, \$800; to A. S. Lown, \$1,414.50; to W. J. Lindsay, \$11,000.

The second page of the liquidator's report giving a complete statement of the receipts and payments makes interesting reading. Here is a complete copy:—

Cash Statement.

Receipts—

Receipts on capital stock—paid in cash	\$179,181.01
Paid in cash on account notes	21,705.00
Paid in cash on stock sold	5,880.00
Paid in stock—\$25,915, less sold, \$5,888	20,027.00
Paid in notes	175,830.00
Paid by discount	25,829.00
	\$402,889.30
Interest	\$690.56
Rent	56.00
Telephone	.10
Exchange	8.07
Protest fees	1.61
Deposits	25.00
Cash Dep. C. B. 3 (no items)	50.00
Refund payments to—	
Smith	\$400.00
Browning	387.12
Beam	60.00
Stickie	20.00
	\$867.12
Total	\$404,587.76

Notes of Payments.

Commissions	\$42,871.00
Directors' fees	11,760.40
Discount	514.38
Stationery	395.66
Furniture	327.65
Petty cash	320.00
A. S. Lown	560.00
Refunded above:—	
Smith	\$400.00
Browning	387.12
Beam	60.00
Stickie	20.00
	867.12

Solicitors	1,668.12
Travelling	1,274.82
Salaries	2,323.50
Exchange	74.19
Expense	3,170.44
Bank premises	2,498.60
J. E. Casey	25.50
	\$68,651.56

Total	\$80,000
Item unaccounted for	20,000
Bills receivable	175,830
Union Bank	127,373.39
Merchants N. Bank	25,100
Legals	2,000
Receiver General	5,000
Stock	20,027
Trust and Guarantee Company	80,605.81
	\$435,936.20
Grand total expenses	\$1,668.
Legal expenses amounted to	

The legal tendency in the Farmers Bank case is apparently to concentrate attention upon the origination of that institution. There are, for instance, suits against four provisional directors, charging them with unlawfully obtaining \$10,000 from the bank's funds; against W. J. Lindsay charged with conspiring with Dr. Nesbitt to obtain certificate from the treasury board; and against Wishart and Nesbitt for stealing \$300,000. The provisional directors, Nesbitt, Smith, Warren, Stratton, and others, are also charged for conspiring to obtain by fraud certificate from the treasury board. All these charges directly concern the beginning of the Farmers Bank. More figures relating to that period are contained in the schedules of receipts and disbursements made by the provisional directors, compiled by Liquidator Clarkson. These statistics show that the provisional directors obtained \$11,760. The names are given in each case, with the exception of four large payments made on July 4, 1906, of \$2,500, \$2,500, \$3,000 and \$2,000. It is interesting to recall that on that date an agreement was made between Gallagher, Lown, Ferguson and Fraser, provisional directors, C. H. Smith and Travers, by which Travers took over the claim of the provisional directors to \$20,000 for organization expenses, etc., and as appears from a receipt at the foot of the last page of the agreement, paid them \$10,000 on that occasion. That amount tallies with the total of the four sums mentioned.

Stock Sales and Commissions.

The total expenses for organizations were \$435,936, of which two items, \$80,000 and \$20,000, are at present unaccounted for. One of the most striking features of Mr. Clarkson's latest figures relate to stock sales and commissions. Of \$702,889 stock sold, only \$179,181 was actually paid for in cash. Paid in stock \$25,915, less sold \$5,888, accounted for another \$20,027, paid in cash on account notes \$21,705; paid on cash on stock sold \$5,880; paid by discount \$25,829. It will be recollected that notes given for stock subscriptions have caused much trouble and accounts largely for the charges against certain persons that the bank certificate to commence business was obtained from the government by fraud. The receipts on capital stock paid in notes amounted to \$175,830, only about \$3,000 less than the amount paid in cash.

Commissions paid for stock sales totalled \$42,871 or almost one-eighth of the receipt on capital stock amounting to \$402,889. There is little doubt that the commissions were paid in cash, so that about one-quarter of the cash received was paid out as commissions. Clark Hamilton Smith received \$5,380 for selling stock. He was reported in the Toronto police court on Thursday as a fugitive from justice. W. R. Travers received \$23,390. Two of the provisional directors, Fraser and Lown, received \$800 and \$1,414 respectively. W. J. Lindsay obtained \$11,000 as stock commission. Against him is a summons, a warrant respecting conspiracy to obtain the bank certificate. He and Travers, it will be seen, had more than \$34,000 between them as stock commissions.

Some Items Explained.

In the cash statement there appears an item, "Refund payments to Smith, \$400; Browning, \$387; Beam, \$60; and Stickie, \$20." This \$867 represents stock commissions which were later refunded. Another item is "Expense \$3,179." These are small expenses not specified. The three large items under the list of payments, Union Bank, \$127,373; Merchants Bank, \$25,100; and Trusts and Guarantee Company, \$80,605, represent money on deposit according to the books of the provisional directors. Of the \$250,000 sent to the Receiver General by the bank prior to its commencing business, \$5,000 was retained by that Department and this amount is duly entered as a payment. There is another item, "Stock, \$20,207," which represents stock taken in payment of stock subscriptions. The solicitors' fees in connection with the organization of the bank amounted to \$1,668. The largest items, therefore, in connection with organization were commission for sale of stock, \$42,871, and directors' fees \$11,760. Cross-examined last week, Mr. Travers stated that it was usual for banks to pay commissions on stock sales, but it is doubtful whether any such high record as made in Farmers Bank case was ever created before.

Mr. Charles D. Warren, president of the Traders Bank of Canada, has been elected president of the New Orleans, Fort Jackson and Grand Isle Railway.

Messrs. Fegan & Company, dealers in stocks, bonds, real estate, insurance, etc., have opened an office in the Mahon Building, Government Street, Victoria, B.C.

Sir Felix Shuster has been elected a director of the Grand Trunk Railway Company of Canada. Sir Felix Shuster is chairman of the board of the Union of London and Smith's Bank, London, England. Last summer he made a tour of Canada.