

desirous of screening any one, least of all Mr. Saunders, but he would not crucify him because he was a Jew.

Several shareholders—You brought it on yourself.

A Lady—Who would you crucify, then?

Another Lady—We honor the Jews more than you do.

A third—We have been crucified enough, I am sure.

Sir Francis Hincks explained that there was a good deal of complication about this matter. Prior to the absence of Mr. Saunders from Montreal nothing had been said about the insolvency. He might observe that Mr. S. had been placed specially in charge of the Ascher estate, and was to devote his attention to it. During his absence temporarily for a few days it came to the knowledge of the Directors that large quantities of packages of goods which had been left as special security to the Bank had gone away to certain persons, some to H. & A. Saunders, and others to Kortosk (Great excitement.) He could not go all over the affair, but suffice it to say that the discovery of the fact of the transfers was enough for the Directors who unanimously determined to put the estate into insolvency. They determined that they could not do better than appoint Mr. P. S. Ross assignee, but (he did not wish to utter a single word of fault-finding against any gentleman) great difficulty occurred with regard to who should get possession of the estate. A Mrs. Berg issued a writ before that of the bank had been served. After a good deal of complication an understanding was arrived at by which Mr. Ross agreed to abandon his claim to the office, and some understanding was arrived at by which Mr. Stewart and Mr. Hagar were to act as joint assignees. Mr. Saunders was not especially directed by the Bank to represent it.

Colonel Turnbull saw among the assets a considerable sum as real estate, and another large sum as notes overdue. He had heard some very ugly rumours on the street, and thought it would not injure their interests to ask about one, the account of O'Brien. When was this first opened? Under what circumstances, and who was the endorser of the first paper, and was it paid on maturity? The rumour was that the Bank will sustain a loss of \$50,000 on this account.

The Chairman said he would give a history of the account so far as he knew. It so happened that it was opened during his absence from the city. The first appears to have been in 1875, and commenced by discounting a note of eleven thousand dollars. It was laid before the Directors, who understood its nature, and no difficulties were raised. Mr. Renny allowed Mr. O'Brien to draw a check on the Bank to pay this note, and allowed him to overdraw his account from time to time, at the same time taking what appeared security for it. The whole transaction was irregular. An attempt was made to put Mr. O'Brien into insolvency, but he maintained he is worth a million. Mr. Renny also has an insurance on his life for \$100,000, and would maintain that he left the account in first-class condition. I believe in this case his motive was simply because the Bank was getting ten per cent.

A Lady—We have nothing to do with his motives—what about his actions? (Order, order.)

Mr. John Grant said an attack on him was intended. He was the party who endorsed the note, and he did it on the understanding that he would not be held responsible. He had taken a mortgage in trust for the Bank, and was not responsible in any way for the note.

Col. Turnbull—This \$11,000 note, endorsed by Mr. Grant, is the first opening of the account. When this matures he has overdrawn \$83,000. When this note becomes due, endorsed by one of the Directors, instead of the note being protested, he is allowed to overdraw to pay this note. The Director is relieved by the further overdraw. I am glad to have this brought out before the public. If Mr. Grant had any private arrangement by which he was not to be held liable it makes the matter still worse. If it was

done without the knowledge of the Directors it is worse still.

Mr. Grant said every business man knew that such matters were transacted every day.

A Shareholder—It was then strictly legal? Another Shareholder said the Banking Act does not allow advances of money on real estate as collateral.

Mr. Grant—I held it as my personal security. A Lady—And what security does the Directors give the shareholders?

Mr. Grant—I was a shareholder at the time. The Chairman—There was only one note of \$11,000 came before the Directors. He was certain that it was in 1875. The overdrafts might have been sooner. He had little doubt the security was sufficient. The irregularity was this: Mr. Grant did not know anything about O'Brien, but he was induced by Mr. Renny to do it.

Several gentlemen enquired as to the value of the real estate, and amid excitement and cries of "Mount Royal Vale" and "Victoria City."

The Chairman hastened to explain that Mount Royal Vale was not the whole of Mr. O'Brien's property. It is not entirely a bad debt. Certainly a large amount has been put down as bad, and he must admit that the whole transaction was irregular, Mr. Renny in his anxiety for the prosperity of the Bank wishing to get ten per cent. on real estate indirectly as he could not do it directly. Afterwards he found out this was not a proper proceeding, and he went on making advances by over-drafts.

Colonel Turnbull—May I ask what is the loss on O'Brien's account?

Sir Francis Hincks—\$75,000.

At this point the Chairman explained that he had some pressing business outside, and asked leave to vacate his seat for an hour or so in favour of Mr. Rankin.

Colonel Turnbull—One word more. Did Mr. Grant do it with the knowledge of the Directors, or was it an ordinary discount note? If it was done with the knowledge of the Directors the Bank forfeits its charter.

Mr. Grant—I simply endorsed it, and have a letter I received at the time, which I can produce.

The Chairman—I feel morally certain that the Board knew nothing more about it than that it was a note made by Mr. O'Brien and endorsed by Mr. Grant.

Colonel Turnbull—Then all I have to say is that I am glad I placed Mr. Grant's name yesterday on the list of those I thought should resign. I should like to know how much Mr. Grant owes the Bank?

Mr. Grant (promptly)—\$16,000.

MR. RANKIN IN THE CHAIR.

Mr. John Crawford would take occasion to make a few general remarks. The position of the Directors implies that they have both the capacity to administer and the opportunity and time to watch the interests of the shareholders. They are not placed there as statues in a niche. No defence can be offered for the acts of the management; but how far they may be extenuated by a want of supervision by the Board, we can form our own conclusions. He was informed that since the suspension a certain director had made large purchases of stock with a view of averaging his losses. He questioned the right to do this.

Mr. Rankin explained that he had not bought on speculation; he had never sold a cent of his stock since he purchased. He had invested recently some \$40,000 in purchasing stock, and was induced by the late Manager to increase his holdings in order to sustain the Bank.

A shareholder asked for a statement of Henry Beattie's account. He had been informed on the street that \$75,000 of his paper was protested, and that after that he received \$31,000 from the Bank. Were they going to give him back his estate at 10 cents in the \$?

Mr. Rankin said that this had been put very much lower than it should have been. An offer of 11 cents has been made by another party, and Mr. Beattie would not get his estate back if they could help it.

Mr. Joseph said it had been currently reported that there were about \$300,000 in *bons* or overdue demand notes, among the cash of the bank, and asked if it were so, how could it be explained.

Mr. Pridham, the Inspector, said he had on the 20th February last been asked by the Assistant Manager, Mr. Wetley, to assist him unofficially in counting the cash. He found a large amount of demand notes and irregular cheques therein about the extent mentioned. There were \$68,000 of Ascher & Co., \$47,000 of H. Beattie, \$25,000 of S. Davis & Co., in liquidation, and several of Fish, Shepherd & Co., Davidson Bros. & Co., &c. He reported the matter to Mr. Wetley, and refused to sign the teller's book, and it remains unsigned to this moment.

A Shareholder—How was the cash counted?

Mr. Wetley replied that the cash was counted by five officers of the bank, and occupied several hours. He, with Mr. Pridham, had gone through the cash when those *bons* were there, and Mr. Pridham had refused to sign for them. To his knowledge the Directors had counted the cash twice; the first time about eighteen months ago, and the last about seven months ago.

Mr. Joseph—Did you not find it strange to see \$300,000 in *bons*?

Mr. Wetley replied that he referred it to the General Manager to whom he was subject, and who relieved him of all responsibility.

Mr. Grant stated that when the Directors previously counted the cash there were only one *bon* of about \$1,100, and nothing at all irregular. The *bons* were simply overdrafts by cheque, which the General Manager initiated and passed to the credit of the parties.

Mrs. Hollis said the management had been most scandalous, and every one of the Directors were to blame.

It was moved by Mr. C. Hsley, seconded by Miss Macdonough, that the following gentlemen, T. W. Ritchie, Q.C., Col. Turnbull and Ald. Hagar, be a Committee to draft a petition to the Government on behalf of the shareholders of this Bank for an immediate investigation as to the correctness of the monthly returns or statements sent to the Government, by the Directors, also for the arrest and punishment of the officers for all false statements made by the Directors and management of the Bank.—Carried.

Mr. S. Pedlar moved an adjournment for an hour, in order that the shareholders might obtain the only consolation under the circumstances, that of knowing how some of their money went. It was desirable that the meeting should close with Sir Francis in the chair.—Carried.

AFTER RECESS,

Sir Francis Hincks took the chair.

Mr. S. Pedlar—You said yesterday there was a compromise with Mr. J. H. Joseph in reference to getting Mr. Saunders appointed as one of the Directors. Why did you want Mr. Saunders at that particular time?

Sir Francis Hincks—Some time before the last annual meeting some of the gentlemen in Montreal, Mr. Joseph amongst the rest, organized themselves into a sort of committee, and put themselves in communication with the Directors. As you are aware, shareholders as a rule do not come personally to vote for the election of Directors, but send their proxies to certain persons to vote upon. These gentlemen professed to have secured a large number of votes, and asked to have three seats at the Board placed at their disposal, to be filled by their nominees. As there was a certainty of two vacancies occurring on the local Board through the retirement of one of the old local Directors in Toronto and Mr. Hugh Mackay here who refused to act, the names of Mr. A. Robertson and Mr. Saunders were accepted for those vacancies, and were voted for in good faith by all the directors. They wanted Mr. Grant and himself to resign. Finally they accepted the two seats. The negotiations were altogether with Mr. Robt. Mont. We did not know any-