

not cover it, and if their own deposit in the circulation fund did not cover it, the other banks would have to lose it, and pay that, which would benefit the depositors.

*By Mr. Hughes:*

Q. If a proper audit had been made at that time, and the real condition of the bank in 1916 had been brought to the notice of the Minister or the Government and they had taken action to have the bank wound up, then the depositors would have lost nothing; the public would have lost nothing?—A. The Judge says so.

Q. That is the finding of the Judge?—A. Yes.

Q. And the losses which the depositors made later when the bank was wound up did not result from the circulation of the bank, but resulted from the fact that the bank had gone on doing business with an impaired capital, and this condition was getting worse from year to year?—A. You have put it better than I could myself.

*By Mr. Good:*

Q. Mr. Saunders, I think you stated this morning that if the monthly returns sent in by the bank were either unsatisfactory to you or you did not understand them, you required some special return or made some special investigation? Is that right?—A. No, I did not say we made any special investigation. I would simply, in my official capacity, write the bank officials, pointing out anything I did not understand and get their explanation for it. I can do that.

Q. Then the special investigation that you referred to would simply take the form of a letter of inquiry from you to the bank?—A. Yes, and if it were not satisfactory, if I had fears of some trouble, I would immediately bring it to the Minister's attention and ask him to exercise his privilege under section 56 A.

Q. On how many occasions have you made special inquiry?—A. During my holding of the office, only once.

Q. Once. On what occasion was that?—A. I absolutely decline to give any particulars of it. I found everything was all right, and that is all I can say.

Q. You regard that as confidential?—A. Not only confidential, but in the public interest, especially in this unrest that is abroad. You know what happened to the Dominion Bank in Toronto.

Q. Would you mind stating at what date you made that inquiry?—A. I do not care to make any statement at all; I would rather not.

Q. Once since 1920, when you became Deputy Minister, is that right?—A. Yes, I would say that. I do not want to refuse anything, but I think it is better that I should not give any information.

Q. When the banks require metal coinage, with what do they pay for it?—A. We put out the metal coinage, silver and copper, and it is held in reserve in each of the A.R.G.'s offices.

*By the Chairman:*

Q. What does A.R.G. mean?—A. Assistant Receiver General. Then if the bank wants silver, they have to come with either gold or Dominion notes.

*By Mr. Good:*

Q. Legal tender?—A. Legal tender.

Q. And the Dominion Government exchanges the metal or token money for the gold or Dominion notes?—A. Yes.

[Mr. J. C. Saunders.]