

**ONTARIO TRUST COMPANIES, 1900.**

The tabular statement in this issue compiled from the Report for 1900 of the Registrar of Loan Corporations, Ontario, gives a comprehensive view of the business and the financial standing of the Trust companies of that province for last year, with a summary comparing the various items of last year with 1899. These corporations are expanding their business very rapidly. Last year their total paid up capital was increased from \$2,181,427 to \$2,727,250, the addition being \$454,177, about 20 per cent. Compared with their capital the general liabilities to the public of these Trust corporations is quite small, the total for 1900 being only \$190,573. This arises from their mode of business and powers restricting them from receiving deposits or issuing debentures which constitute so large a proportion of the "liabilities to the public" of the ordinary loan companies. The Trust corporations, however, have large liabilities of a trust nature, liabilities which they have assumed as trustees of individual estates and public bodies in which their interest is fiduciary. The growing extent of this class of business may be judged by the amount of these trust liabilities having increased from \$9,818,708 in 1899 to \$13,653,789 in 1900, an increase of close upon 50 per cent. The investment of their funds in loans secured by municipal bonds, debentures of joint stock companies, life insurance policies and mortgages secured by real estate has developed considerably.

One feature of the Trust companies which commends them to public support is their assumption of duties and responsibilities the discharge and fulfilment of which in past days were a grievous burden upon a large number of persons who were called upon to act as executors, or trustees, of bequeathed properties, or guardians of minors and other heirs. It was and yet is necessary for the duties of these offices to be devolved upon some person or persons, yet very few individuals have the ability or the time to discharge them efficiently. Indeed, as a rule, the more capable a man is of acting wisely as an executor or trustee the less time he has for administering the estate entrusted to his care for the benefit of heirs. As an executor or trustee has usually no direct interest in the estate he has to administer being carefully managed, as, too, no penalty attaches to neglect, or bad judgment, or giving unfair preferences to some personal favorite amongst the heirs, the administration of executors and trustees has, in innumerable cases, been highly injurious to the interests of minors, widows, spinsters and others to whom property has been devised. A greater evil than even these has been the temptation offered to an executor or trustee to use the funds held in trust for his personal advantage. This serious crime has been com-

mitted in numberless instances with the commendable intention of enlarging the income or principal of heirs by giving them the benefit of money invested in business, or in what an executor or trustee regarded as a profitable speculation.

Take an illustration. In 1844 two brothers died, leaving each £10,000 to their children. The trustees of one devisee at once formed a partnership to carry on a branch of the iron trade, which was very prosperous. The firm went under in the crash of 1857, but came up again, and the business to day is the largest of its class in the world, so that all the descendants of those to whom the original capital of £10,000 was left are wealthy. Had the trustees invested the money legally, the heirs to-day would be drawing a mere pittance from the yield of the investment. The other trustees took the same course, but their enterprise was the grain trade, in which, in 1857, they were utterly ruined, and every shilling of the trust estate vanished. All four men could have been sent to a penitentiary for breach of trust, but, so common at one time was this practice in England, that it was regarded with general indifference, though now and again trustees who were of high social position, like the Rector of B—— in 1865, were committed to penal servitude for 10 and 14 years for this crime. One of the trustees above named died from shock on being threatened with prosecution. When the Manchester bank failed early in 1900, there were a number of almost tragic cases of distress caused by trust money having been invested in the shares of that institution, which, under the old law of unlimited liability in force up to 1854, swept away the entire resources of many who were living upon the proceeds of those trust investments. By removing so grave a temptation, the Trust companies have done invaluable service to the community. By giving to persons who have estates to devise the opportunity of placing their property where it will be skillfully and faithfully administered, and thereby assuring to heirs that their inheritance will be managed with wisdom and fidelity, the trust companies have given to heritable capital and its derivable income an element of stability, which materially enhances their value, and, by removing the risks incident to individual trusteeship, the companies who undertake the duties and responsibilities of administering devised estates, relieve those who bequeath, and those who inherit property, of perilous dangers and of distressing anxieties.

The old time risk of bad management by executors or trustees or the worse risk of fraud can now be entirely avoided. An estate can be transferred in trust to a reputable and strong Trust Corporation for heirs or others in absolute confidence that it will be wisely and economically administered. For such invaluable services the community is indebted to the present day Trust Corporations.