

**THE BANKS AND FORGERIES.**

(A. GORDON TAIT.)

(Continued from page 359).

**ABOLITION OF THE COUNTER CHEQUES.**

Undoubtedly one of the principal "aids to forgery" is the extreme ease with which any person, whether reputable or not, can obtain an unlimited supply of blank cheque forms drawn on any, or every, bank in this country. A person desiring bank cheques for any purpose has merely to call at a branch bank and help himself to as many forms as he chooses. In large branches one frequently sees displayed an assortment of cheques on all banks having branches in the locality. To revert again to banking custom in England, where loss through forgery is rare. Risk of prompt detection following the theft of a blank cheque form confronts the would-be forger at the outset. As every one is aware who has had dealings with an Old Country bank or banker, a book of blank cheques can only be obtained on the signed order of a bona-fide customer, and every blank cheque contained in such book bears a number, besides one or more "series" or check letters and figures by which the identity and ownership of any cheque form may be instantly determined. Moreover, a clerk in writing up his ledger and customer's pass books, enters the numbers of all cheques debited to the accounts opposite the respective amounts. If the number of a cheque so debited is not reasonably consecutive, it serves as a warning to both ledger clerk and customer of something irregular—for example, that a blank cheque has been extracted from the middle or end of the current cheque book by some unauthorized and felonious person. The customer of an English bank (not, it will be observed, any unknown person) wishing to give a cheque drawn on another bank and having no blank form convenient, will be handed a slip payable between banks only and not negotiable otherwise.

If "counter cheques" in Canada were abolished, and customers' cheques numbered and the numbers recorded by the branches on which the cheques were drawn, it is safe to predict a very appreciable reduction in the number of forgeries in this country. Of course it is doubtful whether our banks, or the public, would care for a reform of the above nature. It might be difficult to assure the public that the withdrawal of counter cheques was a measure for the mutual protection of bank and customer, and not merely a plan for economizing in the bank's stationery.

**INCREASED CAUTION BY BANK STAFFS.**

It would be idle to attempt to absolve bank officers from the charge of carelessness in connection with a considerable proportion of successful forgeries. I learn from a reliable source that of losses through forgery incurred by 75 per cent. of all the Canadian banks during the past five years, only 20 per cent. can be classed as "unavoidable," that is, in which the forgeries were conducted with sufficient skill to escape detection, ordinary business precautions notwithstanding; and that 40 per cent. of the five years' losses were incurred through the liability of banks for forged endorsements. The remaining 40 per cent. are claimed to be due to carelessness or negligence on the part of bank officers. If these figures are accurate (and I have cause to believe they are reasonably so), they do not reflect any credit on bank staffs in general. The larger proportion of these losses are, we know, due to the keen competition between banks, common discretion often being thrown to the winds, and great and unnecessary risks assumed rather than allow a possible customer to favor a competing bank. The encashment of cheques for unidentified parties; the crediting of out-of-town items for comparative strangers and the failure to observe manifestly forged signatures or raised amounts—these are the principal charges brought against bank officers. True, the latter are to-day more youthful and less experienced in their respective positions than was the case ten years ago. This is the price paid by the banks for rapid expansion and continued general prosperity. There can be no excuse, however, for negligence or absence of business caution in transactions with unknown or little known, parties as referred to above.



Mr. A. J. Nesbitt, of Montreal, and Mr. J. D. Flavell, the president, of Lindsay, have resigned from the directorate of the Canadian Cereal Co., and have been replaced by Mr. William Dobell, of Quebec, and Mr. R. MacD. Paterson, of Montreal.

**MORE ABOUT FIRE LOSSES.**

We continue to receive additional evidence from fire underwriters regarding the abnormal losses which have been experienced this year. One fire manager says tersely that the last two months have been the "hottest" January and February his company has ever had. A more cheerful note is struck by one of the old-established American companies doing business in Canada, who state that their experience during the first two months of the year has shown a higher loss ratio than any two months, barring a conflagration, that they have ever had. Notwithstanding this fact, they are not at all discouraged, as they believe there are possibilities of their having more or less good months during the remainder of the year. They add that they have generally found that the losses average up during the year, and that in any year with several severe months, there are to be found an equal number of abnormally good months.

Underwriters will hope that this cheery forecast will not be disappointing. Just at present an "abnormally good month" would be more welcome than flowers in May.

**BRITISH AMERICA ASSURANCE COMPANY.**

As in the case of its sister company, the Western, the British America Assurance Company, of Toronto, reports a varied experience in the home and foreign fields during 1911. The Canadian business showed a good profit; in fact, on only two previous occasions has it given a better result. Favorable results also accrued from the Mexican and West Indian business. On the other hand, in the case of the company's large business in the United States, losses and expenses came to within a few thousand dollars of the premiums and there has been a heavy loss from the business transacted through the British and foreign branch in London. Business at the last named branch was undergoing during the year a process of revision with a view to diversification, so that its volume was temporarily reduced and the trading loss was felt more severely than would otherwise have been the case.

Fire premiums, less re-insurances, amounted to \$1,677,161, a gain over 1910 of \$12,265. Net fire losses were \$989,743, or 59.02 p.c. of the premiums, this being a somewhat less favorable experience than in the previous year, when the ratio was 53.3 per cent. The policy of careful revision of the company's business, which has been in force for several years under Mr. W. B. Meikle, the managing director, made further progress last year. The question of expenses is still the constant concern of the management, but while the reduction of fixed expenses is naturally a matter of time, the opinion is confidently expressed that only a few years of average profits are necessary to put the holders of ordinary stock again in full ownership and to get rid of the preferred stock.

The total assets of the company at December 31 last, amounted to \$2,061,374, and the liability for unearned premiums on unexpired risks and other liabilities amounting to \$1,059,942, there is a surplus to policyholders or \$1,001,432.

At the recent annual meeting, special reference was made to the loss by the company at the close of the year of the valued services of its secretary, Mr. P. H. Sims, of whose work cordial recognition was made. Mr. John Sime is now assistant general manager.