

the company, and had lent money to one of themselves without taking further security.

The case made by the official liquidator was, 1st. That the directors had in the Reports, &c., of the company, stated the position of the company too favorably. 2nd. The carrying on of the business when in fact the company was practically insolvent. And 3rd. Improperly sanctioning loans to one of themselves. Upon the first ground, the Court held that the action could not be maintained. Individual shareholders who had lost money in consequence of the false statements of the directors, could prove that they had been deceived and could consequently recover, but it could not be taken for granted that the general body of shareholders had been so. Each case, in order to succeed for such a cause, must stand upon its own merits.

On the second ground, his Lordship went fully into the evidence, which showed that the whole of the surplus fund, and one-fourth of the capital had been lost, that false reports and balance sheets had been published, that debts had been allowed to stand over unpaid, and that the directors had carried on the business of the bank long after the capital had been entirely lost. It was proved that the managing directors were aware of the true position of affairs, and that the other directors were not so, but it was held that such ignorance was no excuse and did not avoid the legal liability. Directors who assumed the office were bound to know the position of their company, and the ordinary shareholders had a right to look to them for compensation for losses suffered in consequence of their neglect of duty. The third ground was also proved, and these his Lordship held were breaches of trust, for which, during the nine years they had continued, the directors were liable to make good any loss which the company had sustained in consequence, and the fortunes of the directors, both of those deceased and those surviving, were liable to make good the losses which the company had sustained by reason of their having failed in that duty.

We are sorry to find that the articles which have recently appeared in this journal have, in some quarters, been erroneously supposed to have been levelled at particular companies. Even were this the case, no animus on our part could either alter the position of a company or the liabilities of a single director. We are far from stating that we consider the plain statements of law which have recently appeared in these pages, either ill-timed or uncalled for. Corporations in Canada are much the same as in England, both good and bad. In the case of Insurance Companies the existence of the Government deposit is some small security for shareholders; but

inspection by a Government superintendent and the existence of a simple and comparatively inexpensive winding-up act would save the general body of shareholders from unnecessary loss, and by increasing public confidence put the institutions themselves on a sounder basis and give their shares a better market value.

RED RIVER TRADE.

The opening of this new channel of trade, this spring, and the prospect of greatly enlarged operations with the Red River settlers next year, render it of importance to circulate some facts regarding the extent of the commerce which may be drawn to Ontario from this source, and the facilities that exist for carrying it on.

The entire business of the country east of the mountains has been, until this spring, done by Minnesota and England. The Hudson's Bay Company have been in the habit of annually importing from London in their own vessels from \$300,000 to \$400,000 worth of goods for the use of the inhabitants of the Red River settlement, and for the supply of the fur trade in the interior—from which fur trade outfit alone, it has been stated, their annual sales have amounted some years to as much as \$1,000,000 to \$1,500,000. But in addition to the Hudson's Bay Company, there are numerous traders, small and great, who also dabble in this trade, and the main part of their outfits hitherto, has come to hand via the Hudson's Bay route, in a specially chartered vessel, or has been imported from St. Paul, Minnesota, with an occasional sprinkling of goods from New York and Chicago. Of late years the increase of these traders in Red River, combined with the general prosperity of the settlement, its enlargement by natural increase and additions from the outside world—very limited though these latter be—resulted, as a matter of course, in an extension of the imports and exports. In addition to the traffic by the ice-bound regions of Hudson's Bay, thousands of carts have been despatched semi-annually to St. Cloud, (the head of navigation on the Mississippi,) or to St. Paul, loaded with some of the exportable products of the country, furs and hides; and, reloading at the latter towns, have returned to Selkirk with half a ton of goods, or more, on each cart. A portion of the stuff thus brought back to the settlement is usually, English goods, sent out in bond; but, in great part, the loads are purchased in St. Paul, or its rival for this trade, St. Cloud. Groceries, hardware, dry goods, clothing and agricultural implements, form the bulk of the loading—all of which supplies brought the

merchants of Minnesota such handsome profits that many years ago they commenced assiduously to cultivate the trade. Through these efforts, seconded by the State Legislature, four horse coaches were run through the wilderness as far as Fort Abercrombie, on the Red River, some 250 miles from St. Paul; a fine steamer was built and placed on the Red River to run from Abercrombie to Fort Garry; and, in addition, a mail went through from St. Paul to Pembina,—on the boundary line—twice a week all the year round. Pembina, we may state, is only some sixty odd miles from Fort Garry. In making these efforts the people and legislature of Minnesota had one grand object in view—an object frequently and openly avowed—and that was the securing the rich and promising trade of the North-West, and the peaceable annexation of that country, if possible. The efforts to keep the route open, and make the trade of that region tributary to Minnesota, worked to a charm. Whether or not the other part of their programme will be carried out, remains to be seen.

Our readers may ask, how was all this accomplished? Easily enough. The Post Office department gave out a contract for carrying the mails, and the company who took it, in conjunction with companies having contracts to Government Forts, and other business in the interior, had to see to it that the roads were in passable trim, and that the rivers were bridged; be the bridging ever so rude. If any of their rough log crossings were swept away, as sometimes happened by a spring freshet, they were replaced by a few hours work; particularly bad spots on any of the roads—and such places are few and far between—were mended, and then, when some heavier work was needed, such as cutting through fifteen or twenty miles of forest, State aid came in to supplement the efforts made by these contractors. Any little balance needed to make travelling more secure, falls to the lot of the several brigades of carts passing to and from Selkirk. The labor and expense divided over so many is continuously and cheerfully performed, and a really good road, some 500 miles long, is kept open between St. Cloud, the present terminus of the North Pacific Railway, and Fort Garry. With the exception of the fifteen or twenty miles nearest the latter post, this highway is so level and in such good order for a road through the wilderness, that any Canadian travelling over it would be astonished. Few of the roads in the vicinity of Toronto, macadamized though they be, are half so good and free from danger to freight and passengers.

While the Red River steamboat was in the hands of the mail contractors, Benbank &