

APPENDIX No. 2

let us also have the verification by independent, competent accountants, wholly free from the influence of the general manager and the directors, that the statements presented are true abstracts from the bank's ledger at the head office and actually represent its financial condition at the date of issue.

'A former president of a Canadian bank, an eminent statesman, one who had been Finance Minister of Canada, I refer to the late Sir Francis Hincks, was arrested on a charge similar to that made against the president of the Ontario Bank. The prosecution failed because Sir Francis could not, any more than could Mr. Cockburn, be certain that what he signed was true, but the law (very absurdly, I think) made his signature obligatory.

'J. W. JOHNSON, F.C.A.

'Belleville, November 9, 1906.'

THE EASTERN TOWNSHIPS BANK.

Extract from the Directors' Report presented at the annual meeting, December 5, 1906, 'Monetary Times,' page 884, vol. 40:

'The wrecking of the Ontario Bank is one of the unfortunate incidents of the year. That the failure of such a large institution did not cause any disturbance in financial circles, and that its creditors were not seriously inconvenienced is a matter of congratulation. It has, however, again raised the question of government or independent inspection, and the matter is now under consideration by the Bankers' Association and the Finance Department of the government. Your board would favour any well-devised system which will safeguard the interests of the shareholders and the public.'

BANK OF OTTAWA.

Extract from the President's reference to the failure of the Ontario Bank in his address at the annual meeting held December 12, 1906, 'Monetary Times,' page 934, vol. 40:

'This incident has evidently originated some suggestions which have appeared in print demanding a better safeguard of the interests of stockholders by improved methods in the performance of the several duties of bank directors and officers.

THE MOLSONS BANK.

Extract from an article in 'Monetary Times,' December 15, 1906, page 871, vol 40:

'Mr. Elliott, General Manager of the Molsons Bank, has joined Mr. McLeod, of the Bank of Nova Scotia, in the advocacy of outside inspection. But there is no reason to think that there is more than an influential, though numerically weak, minority in favour of this radical departure, which would only weaken responsibility where it should be strengthened.'

CANADIAN BANK OF COMMERCE.

Extract from Mr. B. E. Walker's reference to the failure of the Ontario Bank in his address to shareholders at the annual meeting, January 8, 1907. 'Monetary Times,' page 1049, vol. 40:

'Neither government inspection nor compulsory audit can do for us what our trained bankers do. Still, if government inspection or compulsory audit would give any substantial protection to the general public we would not object. These systems, however, must more or less create the impression that they afford a protection which they cannot in the nature of things possibly afford. We do not mean to say that such an examination would not have discovered some of the deceit recently laid bare in the bank referred to, but we do say that there are many forms of possible loss to shareholders which no government inspection or audit by a chartered accountant could detect.