

DOMINION TELEGRAPH COMPANY.

We gave last week the charges made against this Company, and this week we insert a letter from the President and one from the Secretary of the Company in reply. The matter has excited a good deal of public attention, and no doubt these communications will be read with interest.

THE FINANCIAL CRISIS IN NEW BRUNSWICK.

The suspension of the Commercial Bank, has brought a great deal of trouble on the people of New Brunswick. This bank has not made monthly returns to the Auditor of Public Accounts, but we find in the Bank Statement for July last, the following returns:

Capital paid up	\$600,000
<i>Liabilities.</i>	
Circulation	312,305
Bank balances	54,745
Deposits	304,368
Total	\$671,418
<i>Assets.</i>	
Coin, &c.	\$82,360
Property	32,000
Notes of other banks	8,053
Bank balances	62,193
Notes and bills discounted	1,008,007
Other debts	29,840
	\$1,222,454

The St. Stephen's Bank Statement for October, furnishes the following particulars:

Capital paid up	\$200,000
<i>Liabilities.</i>	
Circulation	249,548
Deposits	56,079
Total	\$305,627
<i>Assets.</i>	
Coin	\$39,866
Property	4,394
Notes of other banks	45,517
Bank balances	61,973
Notes and bills discounted	344,353
Other debts	96,605
	\$592,710

The sudden flight of the cashier leaving a deficit of \$90,000 is rather a serious matter for the Directors of the Commercial Bank. The institution has been very unlucky, and has existed on the sufferance of the other banks for months past, and although it held large deposits (\$100,000) on behalf of the Local Government, its credit was exhausted. The Bank of Montreal refused its paper and the public soon followed suit. The Dominion Government came to the rescue of the Local Government and expressed its readiness to make advances to prevent embarrassment.

Mr. Tilley stated in a telegram that there is a supply of gold in St. John. On this the *Freeman* makes the following comments:

"The other banks complained bitterly some time ago that the Bank of Montreal abused its position as the Government agency to force specie from them, merely for the purpose of hoarding it, and it was said at one time that over Three Hundred Thousand Dollars had accumulated in the possession of the Montreal Bank. But the amount of Savings Bank deposits on July 1st, 1867, was \$777,259. If gold to that amount, or half that amount has been kept lying idle in St. John, while the Dominion Government was borrowing from the very same Bank of Montreal at 7 per cent. and commission, the House of Commons should certainly endeavor to know 'the reason why.'"

The *Morning News* points this moral:—"Meanwhile there is one great lesson to be gathered from the record of the disasters which have befallen the Commercial Bank, that in all financial and industrial associations the co-operators at large should see to it that frequent, exact and exhaustive examinations should be made. No namby pamby talk about having confidence in Directors, Managers, Treasurers, Secretaries, and so forth, should for one moment be listened to, if confidence is intended as a substitute for scrutiny frequent and severe. Many and many a disastrous failure would have been avoided had this been done, and infinite suffering averted from those not deserving of it and but ill able to endure it."

THE CRISIS IN NEW BRUNSWICK.

(From Our Own Correspondent.)

St. John, N. B., Nov. 26, 1868.

Our community is in the midst of a terrible commercial and monetary panic, which for duration and intensity has never been equalled in the Province. Indeed, it seemed at one time as though the whole monetary system of the country was about to be overturned, and everything reduced to chaos. So wild was the excitement, as disclosure after disclosure burst upon the public ear, that men stood aghast, and asked each other,—What next? As I am sure our friends in the Western Provinces must feel anxious to learn the history of our troubles, I will endeavour to give something like a connected narrative of the events of the last fortnight. The first mutterings of the coming storm were heard on Monday, the 9th, when some sales by auction of Commercial Bank Stock took place, the price realized being only \$16 per \$100 share. Towards the close of the day, it began to be rumoured that the bank had had large amounts of English Exchange returned. It was surmised that these were connected with the failure of the bankrupt Lingley, (who it will be remembered absconded some weeks since,) and the House of Mackay Brothers, of Liverpool, also bankrupt. This rumour gained strength, and after bank hours the various broker's offices were besieged by applicants anxious to get rid of their notes. They were of course rejected, and when Tuesday morning came and the bank doors remained closed, the worst fears were confirmed. Still as the bank was known to have a good deal of outstanding commercial paper falling due, for which their own notes would be available, it was thought that the

inconvenience would be but temporary, and Tuesday and Wednesday passed off comparatively quiet. Thursday and Friday an impression got abroad (it is impossible to say how) that the St. Stephen's Bank was unsafe, and a run for gold commenced on the agency here. This agency was conducted by Mr. S. J. Scovil, who very imprudently charged 1 per cent. for cashing the notes, which had the effect of inducing the other banks to throw them out, and from this hour the fate of the St. Stephen's Bank was sealed. The panic spread, and on Saturday Mr. Scovil's office was closed, and a placard intimated that the notes would only be redeemed by the bank itself at St. Stephen. It seems remarkable that up to this time the Directors of the bank at St. Stephen were ignorant of the imminent danger which threatened their institution, and indeed only heard of it by chance. This brings us up to Saturday the 14th, and it is here proper to describe the position occupied by Mr. Scovil. He was the recognized agent at St. John of the St. Stephen's Bank, both for the circulation and redemption of its paper; but in addition to that he did a large brokerage, exchange and insurance business, and received money on deposit, for which he allowed 6 per cent. interest.

To resume my narrative:—On Monday morning it was discovered that the cashier of the Commercial Bank (Mr. George P. Sancton) had absconded, a defaulter to the amount of, it was stated, \$90,000. This did not mend matters, but still people were far even then from guessing the whole extent of the impending disaster. Tuesday brought the St. Stephen's Bank Directors, and then the astounding discovery was made that Mr. Scovil was a defaulter to the Bank, in \$60,000, and that the whole of the vast amounts deposited with him, had been swept away in gold speculations in New York. It is impossible to ascertain at present the exact amount of the deposits held by Mr. Scovil; but general consent seems to place it as high as \$150,000 to \$200,000. The St. Stephen Directors went manfully to work, and when they left St. John on Tuesday, it was generally understood that the Bank would keep up, and it was thought and hoped that the crisis was past. Later in the day, however, the Cashier, (who had been left to watch matters in St. John), had another interview with Scovil, and telegraphed the Directors at St. Stephen to suspend payment. Universal distrust took possession of the community. Prince Edward Island notes, Nova Scotian notes, Commercial and St. Stephen Bank notes, all were refused, and travellers from the north shore, P. E. Island, and parts of Nova Scotia, found themselves with pockets full of useless bank notes. A run for gold commenced; on the other banks, but it was principally for small sums; and as it was well known in the commercial community that they were well prepared, it scarcely extended in their case beyond the numerous, though not wealthy class, who can scarcely distinguish one bank note from another. Some of this class could scarcely be made to believe that the gold they were receiving was genuine, and some amusing episodes occurred which will be long remembered. Thus passed Thursday and Friday, the days of the height of the panic. On Saturday a telegram was sent to all the city papers from the President of the St. Stephen's Bank, which had the effect of greatly restoring confidence, and the notes of his bank, which had been as low as 60 cents to the dollar, went up to 80 and 90 cents. As I write, the feeling is decidedly improved, and hopes are confidently entertained that the worst is past. Such is a brief sketch of the greatest financial disaster which ever befel this or perhaps any other community of the same extent and numbers. Of the causes which have led to it, I have not the space now to speak; neither shall I give currency to the many rumours of failure in the mercantile community which have been set afloat. It seems almost impossible that such a crisis should not produce a plentiful crop, but as yet none have actually transpired.