

By Mr. Irvine:

Q. I understood you to say—you will correct me if I am wrong—that the circulation would not affect the relation of the assets of that bank to its liabilities?—A. To its liabilities, no.

Q. It would not affect it?—A. No.

Q. But if the circulation of the bank had been called in, it would have forced the winding up of the institution, would it not?—A. Perhaps you are missing this point, if the circulation had been called in, it would have had to be done at the expense of the assets.

Q. Never mind the assets; just answer my question. If the circulation of the bank had been called in, would that have involved the winding up of the institution? I imagine you could answer that yes or no?—A. Supposing the banks did not call in their circulation, and did not want any circulation, and yet their capital was all right—

Q. Let us come to the Home Bank; supposing that the Home Bank's circulation had been called in by some authority, or by the bank itself in 1916, would or would not that have implied the winding up of the institution?—A. Naturally, I think the institution would have to be wound up, yes.

Q. If the institution had been wound up by calling in its circulation in 1916, are you in agreement with the finding of the judge that the depositors would not have lost anything?—A. I do not know; he had the evidence, and he has made that finding.

Q. You will not quarrel with the evidence?—A. I must take that for granted. The difference is, I do not agree that the circulation had anything to do with it.

Q. I agree that the circulation has nothing to do with the assets and liabilities of a bank; you have said that. I am not interested in that question at all. The point is, if the circulation had been called in the bank would have been wound up?—A. Yes.

Q. If the bank had been wound up in 1916, there would not have been the same loss; as the judge says, no loss at all to the depositors?—A. I accept that, coming from the judge.

Q. Had you any power to call in or cause to call in the circulation of the Home Bank?—A. No, we did not know.

Q. If you had had information, had you any power to act?—A. Well, the power we have would be immediately to send in our auditor under section 59 (a), and if we found it in that state, we would have applied to the Bankers' Association to appoint a curator and put him in the bank, as was done in the Home Bank, because Mr. Barker was put in by the association.

Q. What excuse have you to offer for the department that the institution was not wound up in 1916?—A. There was no evidence before the department that anything was wrong.

Q. Therefore, despite the profound faith which you have expressed in the bankers, it is possible for them to have a larger circulation than their unimpaired capital would permit, without your knowing anything about it?—A. It is possible, because it has happened, but it should not happen. It would be only knavery that would do it.

Q. We all know it should not happen, but it may be happening right now?—A. I do not think so.

Mr. IRVINE: Thinking does not make it different, you see. It has been done.

[Mr. J. C. Saunders.]