

APPENDIX No. 1

The CHAIRMAN: You do not leave the witness sufficient time to answer your questions, Mr. Healy.

Mr. HEALY: I allowed the witness five minutes to make an explanation of the whole situation.

The CHAIRMAN: The two last questions you put, he did not have time to answer.

By Mr. Healy:

Q. I will give all the time required. I had reached the point where, if the illegal circulation had been called in in 1916, the depositors would not have lost at all, according to the finding of fact in Mr. Justice McKeown's report.—A. If the bank had been wound up in 1916, they would not have lost a cent. The circulation would not enter into it at all.

Q. Had the circulation been called in on that date, what would have been the result?—A. The result would have been the resources, the liabilities and the assets of the bank would have to be administered to reimburse so far as they would go, the depositors and other claims on the Home Bank, and the report does not say anything about the circulation.

Q. The bank would have been wound up; is that correct?—A. Yes, I think so.

Q. Without loss to the depositors?—A. Yes.

Q. Therefore, by allowing this illegal circulation to continue from 1916 until 1923, the depositors not only lost \$2,000,000, but they lost 55 per cent of their total deposits?—A. No, not at all. We do not agree on that.

By Mr. Hughes:

Q. I have a question or two that I would like to ask now. Mr. Saunders, will you open the report at page xxxiv, and read under b, "And the effect of such audit upon the position of the present depositors:—if made in 1916, the present depositors would have suffered no loss." Is that not a mistake, the word "present"?—A. That must be.

Q. The Judge must have meant the then depositors?—A. Yes.

Q. He must have meant that?—A. Yes, there is no doubt about it.

Q. It is either a misprint or a misstatement?

Mr. HEALY: It would be the present depositors at that time.

The CHAIRMAN: Order, please.

By Mr. Hughes:

Q. The word "present" is incorrect, is it not, or is it?—A. It does look odd, but if it were wound up in 1916 there would be no present depositors, there would be only the depositors at that time.

Q. Very well. If the bank had been wound up at that time, or if a proper audit had been made at that time, the assets of the bank would have been sufficient to meet all its liabilities to the public?—A. Yes, that is the way I take it.

Q. That is the finding of the Judge?—A. That is the way I interpret the finding.

Q. And the circulation had nothing whatever to do with that, either making it better or worse?—A. That is what I am trying to impress upon Mr. Healy.

Mr. HEALY: The calling in of it had everything to do with it, and it was out illegally.

The WITNESS: The circulation that is out, supposing there was \$4,000,000 out illegally, the depositors would be helped by it, because that circulation must be redeemed out of the Bank Circulation Redemption Fund, if the assets would

[Mr. J. C. Saunders.]