

MEREDITH, HOLDEN, HAGUE, SHAUGHNESSY & HEWARD

Pres. Bk. of Mtl. -- 2.

director the condition of transaction considered unsatisfactory, and in my opinion if the directors upon receiving such a report failed to investigate and after verification to take such reasonable steps to remedy the situation or prevent further injury to the Bank as might be available to them, they would be running the risk of being held responsible for loss ensuing to the Bank through their failure in these respects.

I should call your attention also to the fact that the same subsection 10 provides that the provision above quoted as to the duty of the auditors to report unsatisfactory conditions shall not be construed to relieve any director from the due and proper discharge of the duties of a director. This provision is intended to make it clear that the Act in providing for this special source of information to the directors does not relieve them from any care or duty to which they would be subject if this provision had not been enacted. For instance, if a director had knowledge or suspicion, derived from another source, of an unsatisfactory condition, he would not be entitled to excuse neglect of the proper discharge of his duties in that connection on the ground that his attention had not been drawn to the unsatisfactory condition by the auditors.

2. Certain specific changes made by the Act having direct relation to the duties and responsibilities of the directors.

(a) As to the directors' report to the shareholders at the annual meeting and the monthly returns of the Bank.

Certain changes in the form of this annual report and the monthly returns have been provided for in the new Act, some of which are comparatively unimportant. I desire to call your attention, however, to the following changes,-