

TO PROCEED WITH PROSECUTION

Of Ontario Bank Directors is the Decision of Committee Considering Matter.

Defendants in Ontario Bank action:—Geo. R. R. Cockburn, Donald Mackay, R. D. Perry, Richard Harcourt, R. Grass, T. Walmsley, John Flett.

Capital impaired by alleged improper dividends:—\$783,247.

Loss incurred in stocks:—\$1,773,100.

Loss in shares of Ontario Bank purchased:—\$270,663.

The special committee appointed by the shareholders of the Ontario Bank decided on Wednesday that the actions for more than one million dollars, which have been commenced against the former directors of the defunct bank, shall be continued. The committee which was appointed in March, 1908, and is responsible for this decision, is composed of E. R. Wood, chairman; J. J. Gormally, K.C., Ottawa; A. Bruce, K.C., W. T. White, and Barlow Cumberland.

At a meeting of the shareholders of the Ontario Bank held at Toronto on March 4th, it was decided to proceed with an action against the former directors of the bank subject to the approval and concurrence of the committee named above. The shareholders at that meeting authorized the present Board of Directors in their judgment, and with legal advice, "to incur what expense may be necessary and expedient to prosecute the suit against the former directors and to use the funds of the bank for that purpose, or to borrow from time to time any moneys which may be necessary."

Yarmouth Bank Decision Had Bearing.

Doubtless the fact that the Supreme Court of Nova Scotia last year reversed the finding of a lower court, regarding the Bank of Yarmouth affairs, was fully considered by the Ontario Bank committee. The judgment of the Supreme Court provided that the directors of the Bank of Yarmouth should repay the dividend of \$15,000 paid out of capital just before the failure of that institution, and the losses in the Redding account since August 19th, 1904, together with interest at 5 per cent. The bank's directors were found guilty of malfeasance and breach of trust.

The actions against the directors charge them with improperly allowing alleged profits of the bank to be paid out in dividends. The directors are said to have been responsible for stating that these dividends were made out of net profits, whereas no net profits had been made by the bank.

Lost Money in Speculation.

In addition the plaintiffs claim that over \$1,000,000 was lost by speculations in the stock markets, and they seek to hold the directors liable for part of this loss. It is alleged against them that they did not take proper and reasonable care in overlooking the affairs of the bank as a consequence of which, the funds were lost and diverted.

The net loss, as shown in the profit and loss account submitted to the shareholders, as on August 31st, 1908, was \$2,281,926. In the statement of assets and liabilities the same sum represents the deficit. That deficit absorbs the capital of \$1,500,000 and leaves a shortage of \$781,926.

Notes of the Failure.

The Ontario Bank failed in October, 1906. Prior to that, it was approached by the Royal Bank with a view to purchase. The consequent enquiry into its position led to the discovery of the losses, which meant that the capital was gone. The Bank of Montreal was invited to deal with the position. A meeting of Toronto general managers was held, and the Bank of Montreal was offered the guarantee of the other banks, if it took over the liabilities of the distressed institution. The documents vital to this arrangement were signed on October 13th, 1906, and the offices of the Ontario Bank were, as far as it was necessary, financed by the Bank of Montreal to meet any possible rush by disturbed depositors. There was a minimum of excitement, and little effect was produced on the Toronto Exchange by the news.

The charge laid against Mr. Charles McGill was of "unlawfully making statements and returns to the Minister of Finance, and the Receiver-General, known by him to be false, in regard to current loans to the extent of \$1,000,000, with the intent to deceive the shareholders and creditors." He was sentenced to five years' imprisonment.

The charge against Mr. Cockburn was of signing false statements in 1905-6. He was acquitted.

At the Waldorf Hotel, Hamilton, was held this week an exhibition in some of the sample rooms and halls of the building. Many of the local manufacturers gave exhibits and demonstrations. The Gillette Safety Razor had a fine showing of their lines, as did the Auto Strop Company, National Cash Register, and Cary's Safes were also in evidence.

Let me send you information regarding

MARCELL MINES LIMITED

Incorporated under Ontario Companies Act
Prospectus filed at Office of Provincial Secretary,
Nov. 11/08.

No Personal Liability. Shares Non-Assessable

Authorized Capital - \$500,000

Treasury Reserve - 100,000

Par Value of Shares, \$1.00

Property, consisting of 40 acres, located in South-eastern James Township, Montreal River District, adjoins Producers. Has several good Veins. Title vested in Company, and property fully paid for. Development work proving very satisfactory.

A CONSERVATIVE MINING OFFER.

ALEXANDER WARDEN

18 Toronto St. - Toronto, Can.

Mr. Robert Shaw, long connected with the Montreal staff of the Merchants Bank as inspector, has been presented by some of his fellow officers with a keepsake in the shape of a handsome locket, suitably inscribed, on the occasion of his leaving for Jamaica.

The standing committees of the House of Commons have elected their chairmen. Messrs. A. H. Clark, H. Guthrie and H. H. Miller have been appointed chairmen of the Public Accounts, Railways, and Banking and Commerce committees respectively.

The Upper Ottawa Improvement Company, Ltd., will hold a special general meeting in Ottawa on February 23rd, for the purpose of authorizing the board of directors to borrow \$60,000 and issue debentures therefor, with interest, to be repaid within fifteen years.

The head office of the Reo Automobile Company, Ltd., has been changed from Windsor to St. Catharines, and the capital stock increased from \$40,000 to \$200,000. The company will apply for an order changing its name to the Reo Automobile Car Company of Canada, Ltd.

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