THE FARMERS' BANK FAILURE: REPORT BY SIR WILLIAM MEREDITH.

Sir William Meredith's report on his enquiry into the affairs of the defunct Farmers' Bank, of Toronto, was presented in the House of Commons on Wednesday. The main findings are, in brief, that the certificate of the Treasury Board for the operations of the Farmers' Bank was secured by false and fraudulent representations; that the certificate was granted in the face of repeated warnings, which, in Sir William Meredith's opinion, it was incumbent on the Treasury Board to have examined; that "if the bank had been prudently and honestly managed there is no reason why it should not have succeeded," but that its management was "characterized by gross extravagance, recklessness, dishonesty and fraud."

Having surveyed the circumstances of the Bank's organisation, "my conclusion on this branch of the enquiry," writes Sir William, "is that the Treasury Board was induced to give its certificate by false and fraudulent representations on the part of Travers and that if the facts I have mentioned as to the way in which the $250,000 was made up had been disclosed the certificate of the Treasury Board would not have been given."

Sir William recounts the warnings that were given to Hon. Mr. Fielding, then Minister of Finance, by David Henderson, M.P., Sir Edmund Osler and Leighton McCarthy. "Having received the information," says the Commissioner, "it was in my opinion incumbent on the Treasury Board to have investigated the charges. The officials of the Treasury Board appear to have treated Mr. McCarthy's letter as if it had never existed and in my opinion they erred." It is pointed out that the Minister of Finance wrote to Travers some weeks later and the reply of the latter did not give assurances the minister asked for, though it would appear to have been treated as if it did contain such assurances. Sir William expresses doubt whether in the circumstances it would have been right to have depended upon the word of Travers even if he had given the assurances that were asked for. Mr. Fielding stated in evidence that as far as he knew Travers was a reputable banker, "but that was not, in my opinion, a sufficient reason for not having instituted an inquiry as to the matters which had been called to his attention." Sir William sees no ground for supposing that any improper influence was used to induce the Treasury Board to give the certificate or to induce the Minister of Finance to recommend the granting of it, and "the most that can be charged against the Department of Finance or the Treasury Board is an error of judgment."

Sir William regrets that neither Mr. Henderson nor Sir Edmund Osler put their warnings in writing and that they failed to call in question in the House of Commons the action of the Treasury Board in granting the certificate. Nor can he find neglect of duty on the part of the Department after the letter was received from G. Van Koughnet, manager of the bank at Milton, stating the methods that were being adopted with reference to the promissory notes given in payment for bank shares.

In spite of all the irregularities, Sir William expresses his belief that "if the bank had been prudently and honestly managed there is no reason why it should not have succeeded." But the Commissioner finds that one of the first acts of Travers after the certificate had been obtained was to make a fraudulent entry as to the expenses incurred by the provisional directors and that "the subsequent management of the affairs of the bank was characterized by gross extravagance, recklessness, dishonesty and fraud, and has resulted in the entire loss of the paid-up capital and the whole of the deposits, a record unparalleled in the history of any bank of Canada, or, as far as I am aware, in any other country."

THE BANK ACT IN COMMITTEE.

The non-contentious clauses, some fifty in number out of a total of 160 having been disposed of at a preliminary sitting, the Banking and Commerce Committee came to a real grip with the new Bank Act on Wednesday, when consideration of the contentious clauses was begun. However, nothing much was done that day. Mr. W. F. Maclean wanted a monetary commission, and Mr. Emmerson, an advocate to represent the general public. Dr. Steele, looking at the subject from the medical point of view, brought up a notice of motion for an amendment under which bank notes will have to be sterilized, and also to prohibit the circulation of foreign notes and coinage in Canada. A sub-committee was appointed to consider the question of inviting witnesses before the committee.

At yesterday's meeting of the committee, the sub-committee appointed on the previous day submitted a list of over twenty witnesses who, it was suggested, should be called. Some members of the committee waxed sarcastic regarding the length of the list, and on a vote the sub-committee was instructed to cut the list in half.

After Mr. Emmerson had notified his intention to move next Wednesday, his motion regarding the appointment of public counsel to assist the committee, consideration of several clauses was begun. The most interesting innovation made by the committee was one requiring the majority of directors of a bank not only to be British subjects, but also to reside in Canada. This clause does not, of course, affect the Bank of British North America. Regarding annual meetings, the committee added a requirement that individual notices must be sent to shareholders. Mr. White's innovations in the Act regulating the expenditure incurred in organising new banks were passed.

An article on the subject of "Bank Pensions and Premises," with elaborate statistics showing the allocations of the Canadian banks in these directions over a series of years is held over until next week's issue. This is the concluding article of our annual review of the banks' operations, instalments of which have appeared in our last three issues.

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Sir George Paish, one of the editors of the London *Statist*, writing from Paris to that journal, expresses the opinion, that, with an early conclusion of peace in the Balkans, and continued friendly relations of the great powers, the investors of France, Germany and Great Britain will be able and willing to find an immense quantity of new capital for the large amount of Government loans that will be issued, as well as for new issues for railway construction and other works in all parts of the world. Both France and England, says Sir George, now have for investment and publicly-issued securities upwards of £200,000,000 per annum.