

be insured in this Company, and a claim arise, you will then share its assets *pro rata* with other creditors. This is cold comfort for insurers who wish to feel themselves secure. But to insure elsewhere would be to forfeit all claim for rebate. It is understood that the Company has at present at risk about \$24,000,000, and every re-insurance that is now effected relieves it from just so much liability either for rebate or for loss by fire. *We understand that the Directors have had what is regarded as a reasonable offer to re-insure their risks, and one that the Company is supposed to be in a position to accept, if they call upon their shareholders to pay; but they decline to do this, which amounts to what is called "freezing out" its policy-holders. This, to put it mildly, is wrong. To assume a risk, and afterwards wilfully attempt to evade the responsibility of so doing, is dishonest.*

What is a directorate? Plainly, a body of men chosen to direct and control the affairs of a company in which they have an interest. Have these gentlemen done this? We think not. They must have had an inadequate idea of their responsibility. Would any body of men pretending to the direction of an ordinary business-operation have "gone it blind" as these Directors appear to have done?

Risks to the value of many millions assumed without adequate provision for re-insurance; expenses covered up by fraudulent book-keeping entries; profits purporting to be shown from speculation in bonds of very questionable value; constant efforts to finance for means of existence by accommodation-paper, while bonds and debentures were being purchased as investments when the Company had no money to invest; fire-loses accumulating which could not be met; suits threatened and actually issued for rent of premises; resolutions intended to be passed at Board meetings used for improper purposes in spite of remonstrance; inquiries for statements of accounts ignored or systematically set at defiance;—and yet, in the face of all this, they weakly consent, because of the reiterated demands of their Manager, to condone transactions of an extremely doubtful nature.

It is quite time that directors were taught a lesson of duty. When men meet, as the Directors of this Company did, and pocket their five dollars a sitting, it is but fair that a measure of responsibility should attach to the remuneration.

This revelation must occasion the fear that there are other organizations deserving the inspection of the commercial anatomists. It is also a melancholy fact that men of high probity and honorable feeling in other matters have so far lost themselves as to have become partakers in transactions such as we have enumerated, without indignant remonstrance, though surely not without a twinge of conscience. We believe that, to a certain extent, the Directors of the Company have been imposed upon by an unscrupulous and designing man; but, while granting this, there were surely circumstances that should have called for more supervision than has been given.

We have not space to allude to all the startling facts that crop out in "Interim Report of Mr. Ross; but we desire to make some pertinent inquiries, which, in the interests of commercial morality, ought to be answered by the President.

How much stock did he subscribe for in this Company? and how did he pay the instalments? Were they paid by his receipt of a large commission for procuring stock, and by Montreal, Portland, and Boston Railroad bonds at eighty per cent, the market value of which was questionable? And, *apropos* of the railroad bonds, were they *bona fide* or, as the rumor goes, is there an over-issue of the bonds of this railway with which he was so closely connected?

How comes it that in his sworn statement to the Government, in March, 1877, he says he has subscribed for \$105,000 worth of stock, of which \$15,000 is paid up, when he was at that time the owner of only one hundred and twenty-eight shares of paid-up stock, worth \$12,800 at best, and these received by transfer from Mr. E. H. Goff, and, in part at least, as collateral only?

Did he make it his duty to inspect and see how the cash was kept between September, 1873, and February, 1875? and was he aware that it was lodged in bank to the private account of the Manager, and what was the monthly balance, and how was it used during that interval?