

warranted in saying that the proposition received almost unanimous approval, but no steps were taken to bring it about until after it was submitted to the shareholders of the Mechanics' Bank at their annual meeting in July last. Negotiations then progressed, and several points were agreed upon, the most prominent being the assumption of the Mechanics' Bank premises as an asset of \$100,000. This part of the proposed arrangement was carried into effect. Considerable delay here occurred, awaiting the production of the balance sheet and other statements essential to a valuation of their other assets, and it was in endeavouring to obtain these that the existence of a serious defalcation was discovered. This convinced our Board that amalgamation with the Mechanics' Bank could not be entertained. In substitution for it, the assumption of their assets and liabilities was considered, and is still undisposed of. Our incoming Board will no doubt be governed in their deliberations thereon by a due and full regard for the interests of this Bank. Now, with regard to the alleged undue preference:—At the time negotiations for amalgamation were opened, we were under advances to the Mechanics' Bank about \$50,000 which was, however, amply secured by good bills receivable to the extent of about \$75,000. The indebtedness varied from day to day down to the closing of the doors of the Bank, but at no time have we ever been unsecured for a single dollar. I think it proper to take this opportunity of replying to another baseless insinuation, viz., "That the Molsons Bank received usurious rates upon their advances to the Mechanics' Bank." This is utterly without justification. For years the rate charged was only 6 per cent; it never exceeded 7 per cent until a few months past, and then it was limited to 8 per cent. I am convinced that the average rate for six years has been within 6½ per cent. This liberality may savour of bad banking, money being worth what it will fetch, but it exonerates us from the charge of usury, or taking advantage of our neighbours' necessities. (Applause.)

Hon. Mr. Justice Day—Gentlemen, a resolution has been placed in my hands which I have the honour to move. It is certainly with a feeling of pleasure that I do so, at the testimony which it bears to the worth of a man for whom I had great respect, with a feeling of melancholy, considering the occasion which renders it necessary. The resolution is to this effect:—"That the shareholders desire to place on record their high since of the services rendered to this institution by its late President, William Molson, Esq., one of the founders of the bank, and who through so many years discharged the duties of his position with untiring energy. "They consider the death of Mr. Molson not only a great loss to this Bank, but to the entire community in which he lived, and they unite with the Directors in the resolutions transmitted to his family by them on the occasion of his lamented death."

The usual thanks of the shareholders were then conveyed to the President and Directors of the Institution. Mr. John Molson was re-elected President, and Mr. Thomas Workman Vice-President.

## Correspondence.

### A FAILURE WITH ITS LESSONS.

To the Editor of the Monetary Times.

SIR,—The old adage that "there is nothing like leather" has not been verified in the hide and leather business during the past year, and will not, if things go on as they are doing at present, for some time to come. There have

been a good many failures of late in most branches of trade, but I venture to say that there have been few, if any, so alarming and disgraceful as some that have recently occurred in Montreal and elsewhere in connection with leather. The more thoroughly the particulars of these failures are known the more they will be seen to reveal a state of commercial morality of the most discreditable character, and the more strongly they will call for the unsparing condemnation of the public, as well as the severest treatment by creditors. Instead of creditors being too harsh with their insolvent debtors they are as a general thing not nearly harsh enough, or only harsh at the wrong time and against the wrong parties. In ordinary cases it is scarcely possible to get them to attend meetings, or to take the trouble of investigating into the estates of insolvents. They will rather take anything that is offered, and from the fear of being thought harsh or unreasonable will acquiesce, without examination, in the most absurd and dishonest propositions of the bankrupt. In many instances it would seem as if the insolvent were master of the situation, and could dictate terms to those whom he is at the very time subjecting to very heavy loss. To save trouble, and as it is often said, "to be done with it," whatever the debtor offers is accepted, if there is even an appearance of guarantee for the composition, as it is thought that anything is better than an assignment, and any management to be preferred to that of the official assignee. With the honest insolvent this may be all very well, but it is to be feared a good many take advantage of it to feather their own nests, and to actually rob their creditors.

A very striking illustration of this took place lately in Montreal, when Messrs. M. H. Seymour & Son called their creditors together. Only one bank out of a good many interested put in an appearance, and creditors to the extent of thousands of dollars were conspicuous by their absence, for reasons best known to the selves. No such disgraceful failure as this has occurred in the leather trade for many years, none which has more loudly called for the very strictest investigation, and the most rigid exaction of every farthing which can be legally secured. In order to have such an investigation it is absolutely necessary to put this firm into insolvency, as a short statement of the facts will clearly show.

Some years ago Mr. M. H. Seymour failed in business, and managed to secure out of the failure, it is said, some \$12,000, which was in real estate at the time or immediately so invested and made over to Mrs. M. H. Seymour, leaving himself with nothing. In the course of a few years Mrs. Seymour died, and by will devised to her two children, giving a controlling and life interest in it to her husband. By-and-by Mr. Seymour re-married, but before the marriage ceremony was gone through, he very kindly took ten thousand dollars in money or real estate and handed them over to his lady-love for her own special behoof to say nothing of his. Whether or not he was solvent when he took this nice little sum out of his business, is not of course known, but it would be exceedingly interesting to his creditors to ascertain. His son was then taken into the business, and the firm became M. H. Seymour & Son—the same which now wishes its creditors to compound for 35c. on the dollar. It is not pretended that the first Mrs. Seymour either heir or earned the \$12,000 invested in her name. It was supposed to be her husbands *all*, and by his securing it his creditors had less than they were entitled to by that sum. If this be true, it would be interesting to ascertain how the elder Mr. Seymour started in business after thus stripping himself of his last shilling. Be

that as it may, he *did* start and *did* manage to make Mrs. Seymour No. 2 a present of \$10,000.

For some years past this firm has done an extensive and it was supposed a safe and lucrative business. In one way or other not less than seven or eight thousand dollars per week have been necessary to keep going the various tanneries which he controlled. The capital to carry on such an extensive concern either honestly or safely was necessarily large, and was believed and asserted to be possessed. In January, 1875, the books of the firm showed a surplus of \$6,000; yet now eight months afterwards a deficiency of \$105,000 is confessed. What has become of it all? It is said to have been lost by the firm being too indulgent to tanners and allowing them to overdraw to different amounts without adequate security. What! an old experienced business firm all at once giving unlimited credit to men of straw, and losing money by thousands of dollars without giving their creditors any information on the subject but their mere word! Have these delinquent tanners become bankrupt? What settlement have they made? What position did Messrs. Seymour & Son occupy amongst the creditors? But nobody need ask. The story is too like a whale. It bears absurdity too strongly on the face of it, and something exceedingly like fraud besides. At least to clear their own character it is absolutely necessary that the Messrs. Seymour should go into bankruptcy and have their whole business history thoroughly gone over and all their books produced and analyzed. Appearances are so terribly against them, things look so dreadfully fishy, the story of their losses is so monstrous that nothing short of demonstration will convince their creditors or the trade generally that everything has been upon the square. Had they any honest *bona fide* capital, or was it all kite flying from beginning to end? Did their notes marked "value received" mean anything? or nothing? Were they knaves or were they fools that during the exceptionally prosperous years from 1869 to 1874, when more money was made in leather than had been during the previous quarter of a century, they only managed to involve themselves deeper and deeper in difficulties till they have landed in disgraceful bankruptcy which yet they are unwilling to acknowledge? Have they made money? If so, where is it? or how have they lost it? Their mere word cannot be taken. They, as individuals, hold real property to the extent of some \$70,000, the proceeds *it is said* of the \$10,000 and \$12,000 so kindly made over to the two wives. The son to whom a share of the \$12,000 was left is one of the firm, but none of the money can be touched, for the senior partner holds it sacredly (!) in trust for the junior partner, and the last will of a "sainted" wife and mother cannot be infringed upon. The other \$10,000, with its profits and enhanced value, are equally sacred! How is this? Surely the creditors have a right to know. How much did Seymour, Sr., put into the business? How much did the son? How much has from year to year been taken out for household and other expenses? How much invested in real property? How much kindly presented to other members of the family? It would be exceedingly interesting to know these and other particulars, and it would, we believe, be as profitable as interesting to business men generally.

The creditors of Messrs. R. J. Griffith & Co., Toronto, some time ago refused the offer made them, and are now, through the judicious management of the bankrupts estate, in a fair way of getting all that is due. It will be the same with Seymour & Son, if the creditors are equally determined.

The sooner some measure is passed to prevent the circulation and use of mere bogus commercial paper which represents no real business transactions, and the sooner the utter-