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TWENTY-SEVENTH YEAR

TEN PAGES—THURSDAY MORNING OCTOBER 18 1906—TEN PAGES

ONE CENT

THANKSGIVING DAY—SET APART THAT WE MAY CALL TO MIND AT LEAST ONE BLESSING GRANTED IN A YEAR

ARREST MCGILL, SUMMON COCKBURN ON CHARGES OF FRAUD AND SIGNING FALSE RETURNS BANKERS' ASSOCIATION PROSECUTES

BLESSED WITH PEACE AND PROSPERITY

BATTLE TO-DAY FOR TROOPS FIELD IS TOO FAR AWAY FOR SPECTATORS

Ex-Manager of Ontario Bank, After Eight Hours in Cells at No. 1 Police Station, Released Late Last Night on \$25,000 Bail, Provided by Local Sureties—Peterboro Friends Ready With \$20,000.

LOCAL AND FEDERAL GOVTS. WILL JOIN IN PROCEEDINGS

Less than a week ago respected in the community as the general manager of one of the leading banking houses in the country, Chas. McGill, after several days "waiting for the inevitable," as he expressed it, since last Friday's startling disclosures, was yesterday placed under arrest.

Charles McGill, aged 55, married; residence, King Edward Hotel; occupation, banker; charge, fraud.

That is the way the matter was recorded on the slate at No. 1 police station, where for eight hours he remained a prisoner in the cells. At 10:30 p.m. he was released on \$25,000 bail, with his own bond in \$25,000 additional.

A summons was also issued at the same time yesterday against Geo. R. Cockburn, president of the Ontario Bank, accusing him of having signed false statements.

The ex-manager and the president will appear in police court to-morrow morning.

McGill was taken into custody by Detective Mackie shortly after the noon hour yesterday. At 2:15 he was in the cells. Exactly at 10:30 last night he was liberated on \$25,000 bail furnished by:

Peter C. Larkin of P. C. Larkin & Co., \$7500.
James W. T. Fairweather, of J. W. T. Fairweather & Co., \$7500.
Augustus J. Gough of Gough Bros., \$5000.

Thomas J. MacIntyre, commercial traveler, \$5000.
And McGill himself in \$25,000.

The informations against Cockburn and McGill come under the Banking Act, which makes it compulsory for chartered banks to file with the Dominion government, monthly, as well as yearly statements, signed by the president and general manager. In this case the "current loans" in Canada were placed at \$1,000,000 more than they really were. These monthly statements should set forth the actual position of the bank, the liabilities and what they consist of, the assets and how they are sub-divided.

When issued falsely the finance minister is deceived and investors are deluded.

Bankers Begin Prosecution
The issuing of a warrant against McGill and a summons for Mr. Cockburn was decided on at a meeting held late Tuesday night, between Attorney-General Foy, Crown Attorney Dryden and Jas. Bicknell, K.C., counsel for the Bankers' Association.

Mr. Bicknell said yesterday that he was assured of the hearty co-operation of both provincial and Dominion governments. The attorney-general, he said, will give the case his personal attention. It was on information furnished by Mr. Bicknell that the crown decided to take immediate action.

When Crown Attorney Corley returned yesterday morning, Detective Mackie swore to the following information:

"That Charles McGill, being general manager of the Ontario Bank in 1905 and 1906, a corporate body, did make statements, and return to the minister of finance and the receiver-general, knowing the same to be false in material particulars, in the information returned and shown under the heading of 'current loans' in Canada, the amounts there shown being in excess of the true amount, to the amount of about \$1,000,000, with intent to deceive the shareholders and auditors of the bank."

This warrant was sworn to before Ambrose Kent, J.P.
The information against President Cockburn was in the form of a summons, and requests him to appear in police court on Friday morning, and reads as follows:

"That George Ralph Richardson Cockburn, being and then president of the Ontario Bank, one of the chartered banks of Canada, wilfully made false monthly returns to the minister of finance and the receiver-general under the provisions of the Bank Act of 1892, said returns being signed by said Cockburn as president of said bank, and did thereby commit an indictable offence contrary to the said Bank Act of 1892."

Takes Arrest Quietly
The arrest of McGill was effected very quietly. He was in a room in the union hall. He had lunch in his room and drove to the police station in a cab. He made no statement, except that if he had done wrong, he must take the consequences. At the police station, he was locked in a separate cell.

For a time last night it looked as if the ex-banker would have to remain overnight in the cell. As soon as the amount of the bail was fixed by the attorney-general's department, there was not until 10 o'clock that arrangements for releasing the prisoner were completed. In the meantime McGill's son had over some bedding from the hotel, fearing that his father would have to spend the night in durance.

Peterboro Friends Loyal
When Mr. Fairweather, who had looked after the arrangements for bail,

THE CHARGES.

Specifically, the charge against McGill is that he made a false return to the minister of finance and receiver-general in the return of the Ontario Bank for the month of August, 1906, in these respects, to wit:

(a) Said return states that the current loans in Canada amount to \$13,225,227. The examination by the curator and his accountants shows that the true amount was not to exceed \$12,200,000.

(b) Said return shows total assets \$17,371,862; total liabilities \$2,380,087. In fact, the assets over liabilities were about \$700,000, the capital stock being impaired more than 50 per cent.

The charge against President Cockburn is based upon sec. 99 of the Banking Act, which reads as follows:

"The making of any wilfully false or deceptive statement in any account, statement, return, report, or other documents respecting the affairs of the bank is, unless it amounts to a higher offence, a misdemeanor, punishable by imprisonment for a term not exceeding five years; and every president, vice-president, director, principal, partner, auditor, manager, cashier or other officer of the bank, who prepares, signs, approves or concurs in such statement, return, report or document, or uses the same with intent to deceive or mislead any person, shall be held to have wilfully made such false statement, and shall further be responsible for all damages sustained by any person in consequence thereof."

Section 99, Banking Act.
Both charges are broad enough to cover all returns made during 1905 and 1906.

Aroused Shareholders Declare An Intention to Sue the Directors

Under Banking Act May Apply For a Receiver Who Can Then Proceed to Recover For Losses Sustained Through Negligence—Ames & Co. Say Directors Are Liable and That Action Will Be Taken.

The latest news of the Ontario Bank smash yesterday outside the jailing of Manager McGill was the intimation from many shareholders that they proposed to take steps to recover any losses they have incurred from the directors themselves.

"Why," said one shareholder to The World, "I have found out that Donald Mackay, vice-president, is a millionaire. He can stand his losses, but I can't without skipping myself. I am going after him. And there are others."

"I find that John Flett, another director, is rated pretty high in Bradstreet's. He will surely not expect a small shareholder like myself to lose in this matter, where he was expected to direct to my interest."

"Then, I am informed that Tom Walmsey, another director, is a millionaire and one of the most generous of men. Will he, do you think, expect the small shareholders to lose all? I think he will come to our assistance."

Other shareholders spoke of sentiment to be incurred at the directors as much as at the late manager. They could not see their way clear, but they were of the fixed resolve to go after the wealthy directors. These shareholders seem to think that if the affairs of the bank had been rightly directed the smash would not have come.

Not a few shareholders spoke to yesterday said that they thought Manager McGill was harshly dealt with and asked if the directors were not in the same boat with him.

Will Make Shareholders Pay.
It was announced that the banks who signed the two and one-half million dollar guarantee will not pay any money under it until the double liability of the shareholders, if it is necessary to call on it, has been exhausted. By section 99 of the Banking Act it is provided that:

"In the event of the property and assets of the bank being insufficient to pay its debts and liabilities, each shareholder of the bank shall be liable for the deficiency to an amount equal to the par value of the shares held by him, in addition to any amount not paid up on such shares."

And by section 96 this liability extends to all persons who have been shareholders, "transferred their shares or any of them to others, or registered the transfer thereof within sixty days before the commencement of the suspension of payment by the bank."

There are so many interests represented that it may be well to consider them.

1st. The Canadian Bankers' Association has appointed a curator and is virtually winding up the bank.

2d. It is directing the criminal prosecutions. This association is recognized by the Banking Act and powers are conferred which make it in effect, an arm of the government. It was formerly a voluntary association of bankers, but by an act of parliament, assented to July 7, 1900 (63-64 Vict., ch. 93), it became a body corporate. The members of it are the chartered banks of Canada. They are authorized to promote the interests of banking generally, to publish the "Journal of the Canadian Bankers' Association," to establish clearing houses, etc.

In case a bank becomes insolvent, this association is authorized by law to appoint a curator, who is, in effect, a receiver (but appointed by the association instead of by the govern-

THE DIRECTORS.

G. R. COCKBURN, M. A., president of the Ontario Bank, president of the Consumers' Gas Co., president of the London and Canadian Loan and Agency Co., Limited, president of the Toronto Land and Investment Corporation, director of the Western Assurance Co., residence 619 Sherbourne street, Toronto.

DONALD MACKAY, vice-president of the Ontario Bank, director of the London and Canadian Loan and Agency Co., Limited, and director of the Toronto Land and Investment Corporation; place of business Scott and Front streets, Toronto.

R. D. PERRY, 27 Walmer road, Toronto, director of the Ontario Bank.

R. HARCOURT, director of the Ontario Bank and director of the Frost Wire Fence Co., Limited; residence Division street, Welland, Ont.

R. GLASS, director of the Ontario Bank, director of the Excelsior Life Insurance Co.; residence 22 Maitland street, Toronto.

THOMAS WALMSLEY, director of the Ontario Bank, vice-president of the Canada Trust Co., Limited, director of the Crown's Nest Fash Coal Co., Limited, director of the Fire Insurance Exchange Corporation, director and treasurer of the Millers and Manufacturers' Insurance Co., vice-president and secretary of the Green City Fire Insurance Co., and director of the Toronto Electric Light Co., Limited; place of business 22 Church street, Toronto.

JOHN FLETT, director of the Ontario Bank, vice-president of the Anglo-American Fire Insurance Co., president of Flett, Lowndes & Co., president of Flett-Lowndes Syndicate, Limited, vice-president of Lowndes Co., Limited; place of business 142 West Front street, Toronto.

FORCED OUT.

Soldier Who was at Buckingham Has to Leave Boarding House.
Ottawa, Oct. 17.—Harry Stevens of the Governor-General's Foot Guards, who accompanied the detachment of that regiment to Buckingham, to help suppress the strikers' riots, has since been asked by his landlords to leave his boarding house to-morrow.

There are seven union mechanics boarding in the house and they handed the ultimatum to the landlord that it was a case of either losing seven boarders or one.

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TRAITOR SENTENCED.
Leipzig, Oct. 17.—A man named Schevo, who tried to sell to the French Government the secret of the manufacture of the German nickel-coated cartridge, has been sentenced by the imperial supreme court to four years in the penitentiary for treason.

Visit the College Inn Billiard Parlor, 234 Yonge St. Music every evening.
Empress Hotel, Yonge and Queen Sts. R. Nesbette, Prop. 11.50 and 92.00 per day.
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