

account of the bank being in such a position that the assets of the bank could have taken care of the depositors. But the circulation would have nothing to do with the safe-guarding of the depositors.

Q. Am I right in saying this: When it was discovered that the bank had no legal right to issue notes, which was the year 1916, had the circulation been called in at that time, would not the depositors have been saved the loss?—A. No, Mr. Healy, the depositors would have to call it in; they would have to sacrifice the like amount in their assets, which, before calling it in, would be a protection to them. They would have to give up their protection to that extent.

Q. I do not know whether you get my point?—A. I think I do.

Q. At a certain time in the history of this bank it was discovered that the note issue was entirely illegal, and that happened to be the year 1916. Had the note issue been called in at that date, Mr. Justice McKeown finds, and I will refer you to the page, that the depositors would not have lost a cent?—A. I can hardly credit that Justice McKeown—

Mr. HUGHES: What he says is, if the bank had been wound up on that date?

WITNESS: Not having read the report I would say he must mean that the depositors would not have lost a cent because the assets of the bank, which do not include the circulation would have provided for the relief of the depositors, but if the note circulation had been drawn in, they would have to have lessened those assets to take in the illegal circulation, which would have made their assets so much less, as applying to the depositors losses.

*By Mr. Healy:*

Q. Here is the statement, on page 20. This is under the heading "Answer to question 4". (Reads).

"(a) Liquidation immediately following such audit or

"(b) Amalgamation with another bank.

"And the effect of such audit upon the position of the present depositors:—

"If made in 1916 the present depositors would have suffered no loss."

A. You have not given me anything there about the bank circulation. I claim that the bank circulation is altogether apart from the assets.

Q. Please excuse me; I get your point exactly but you apparently do not get mine.—A. Oh, yes, I do, but I do not value it.

Q. I am sorry, because it is really valued at \$2,000,000, in my opinion. I claim that whoever was in charge, should have called in the circulation of the Home Bank in 1916. Had that been done, the Bank would have been wound up. Is that right?—A. No.

Q. Surely, if you called in the note circulation?—A. If you called in the whole capital—

Q. Let me have your opinion, because on the same page I have Mr. Edwards' opinion; he says the bank would have lost \$3,000,000.—A. Anyone knows that if the capital is gone the bank is gone.

Q. Did you answer my question, that had the circulation been called in, the bank would have been wound up?—A. Probably, yes; I do not see how it could have gone on.

Q. And had it been wound up at that date the Home Bank depositors would not have lost a cent?—A. No, not on account of the circulation.

Q. The circulation was illegal, and should have been called in?—A. The assets would have been reduced.