MONDAY MORNING

SO DIRECTORS TOLD M'GILL

How and Why Ontario Bank Commenced Trafficking in Its Own Shares-Expenses on New York Trips Were

Paid by the Bank, and Profits Used to Make

Un Deficits in Bank's Business.

TO ACCEPT ALL RESPONSIBILITY

DENIES HE HAS A WILLINGNESS

(From the Sunday World.)

ne'so wilfully."

"Any bank officer who signs a statement that is false shall be held to have

Such is the section of the statute,

under which George R. R. Cockburn,

vidence, and that his signing of such

eturn is not itself sufficient to con-

titute the crime, he would apply to

ave such question reserved for the opinion of the court of appeals.

The courtroom was crowded when

the case was called. Charles Mc-Gil!, the lag general manager,

who is now under sentence

of five years in the penitentiary on

he same charge, was called to the

box to give evidence.

AS TO DEALINGS IN SHARES

BUY, BUT WE MUSTN'T KNOW

THE TORONTO WORLD

stocks. The profits from some stocks were regularly reported." "Had you any instructions when you entered the bank as to making loans to American lumperment?" asked Mr. Corley. "Yes; the business had been such there were not profits to pay the dividend. It continued that way for years; it was actually necessary to get profits from some other source. The president mentioned in a circular to shareholders that rates of interest were coming down and arrangements

adopted." Mr. Arnoldi put in reports for othe: years. "They were all prepared from your reports?" "I consulted Mr. Cockburn---"

"There is no statement here showing losses in New York. They are not there," referring to the printed an- Mr. nual statement.

gatton to accept the managership, are
Gill said that he would have had to
return to Peterboro.Ing up of the pace of Ontario Bank
shares.Mr. Arnoldi then referred to the
circular sent out by the bank on Mc-
Gill's taking hold in 1896, recommend-
ing the reduction of the capital by
\$600,000. The witness admitted hav-
ing signed it, but declared he had not
thought the cut sufficient.When the Arrest Was Made.
Detective Mackie, examined by Mr.
Arnoldi, said that, when he went to
arrest McGill, the manager said he
was expecting such action.
"He said he had only himself to
blame in the matter, and would have
to abide by the consequences." said
the witness.
"Did he say anything shout the di-
rectors?"
"He said that if Le had had better
men at his back, he might have car-
ried it thru. He said he had a fail-
ing proposition from the start."
"Did he say anybody else was re-
sponsible?"He came back and toid the committee
he could not have it ready until the
next day.
At a meeting the next day no state-
men at adjournment was made until the
an adjournment was suspend-a
ed until he could explain the entrie."
On the 24th, McGill was again pressed
for an explanation, and he said it
would take some time to make up a
statement. It was then he put thru
the entries there shown were his own.
"Did he say anybody else was re-
sponsible?"
"No, he did not. As nearly as I can"Did he inform you of the true state
to know the whole
the woold
the true to know the whole
the true to know the whole
the adjournment to know the whole
the said that if he had a fail-
ing proposition from the start."
"Did he is are analy as I canHe came back and toid the committee
he could not have it ready until the
ta mest day.
The mine to make up a
statement. It was then he put thru<

1906--A YEAR OF EXPANSION--1906 -FOR THE **Insurance** Company Increase over 1905, \$1,02 ... 00.00. or 44 per cent Increase in Income. \$68,644.75, or 14 per cent. Increase in Assets \$224,470.78, or 12 per cent. Increase in Insurance in Force \$1,268,800.00, or 14 per cent. Increase in Gain in Insurance in Force \$356,000.00, or 39 per cent.

FEBRUARY 4 1907

The financial results have been equally satisfactory, enabling the mpany to set aside additional Reserve towards the raising of the serve Standard, as well as the sum required to meet every accruing liability on account of profits nct yet due. All other possible liabilities have been fully provided for and the net surplus has in addition been increased by over \$5000, or 8 per cent. over the previous year. The Company's liberal scale of profits has been maintained. THIS COMPANY HAS NOW MORE POLICYHOLDERS IN THE

DOMINION OF CANADA THAN ANY OTHER CANADIAN COM-PANY

He came back and told the committee he could not have it ready until the next day. At a meeting the next day no state-ment of affairs was forthcoming, and an adjournment was made until the 22nd, when the president informed the general manager that he was suspend-ed until he could explain the entire. On the 24th, McGill was again preszed for an explanation, and he said tit would take some time to make up a statement. It was then he put thru the cross-entries wiping off the \$300,000. Were in the Dark. "Did he inform you of the true state of affairs." asked Mr. Arnoldi.

ear, we must ents and make report shows to finish out to sell below week. These at a glance : ts, hamster

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19 21

gamts-At 8 High; 9.30, R.G.

TORONTO,

CO. 335 MASONIC T

ex-president of the Ontario Bank, apguage or indirection as to meaning, eared before Police Magistrate Den:that any bank officer who signs a n on Saturday, the specific charge statement that is false shall be ng that he did make a false return the Dominion Government. Hon. A. B. Morine, who is appearing or the Bankers' Association, intimat-Hon. A. B. Morine: d to The World, after a day of sen ional testimony, that if it should the opinion of the court that, in ler to convict the accused of a me under the Bank Act, so-called, is necessary to prove his prior nowledge of the false statements conned in the bank returns placed in

held "to have done so wilfully." As to the force of revision, the following is the written explanation of "The revised statutes shall not be held to operate as new laws, but shall be construed and have effect as a consolidation and as

THE REVISED STATUTE.

The revised form of the statutes.

just issued from Ottawa, and which.

are now in effect, states with no

possibility of ambiguity of lan-

declaratory of the law as con-tained in the said acts and parts

"But if on any point the re-vised act is different from the repealed act, the old acts shall prevail with reference to past."

As issued in its revised form this section interprets section 99, under which George R R. Cockburn is being tried, exactly on the lines on which Hon. A. B. Morine and Crown Attorney Corley argued in the police court-that a bank president does not need to know a report is false when he signs it, to violate the sec-

tion, and that he need not even do it with intent to deceive.

which the stock was issued and the

<text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text> box to give evidence. Mr. Cockburn occupied a seat at the icwer table beside his solicitor and appeared in most sanguine spirits. As the day wore on he became plainly fatigued. To The World he stated that he was tired. "It is hash and rehash the same thing over and over again," he said. McGuil: monthed the stand with a which the stock was issued and the 130 at which it was selling. J tood him that the only way would be 'o sub-scribe the stock. 'He accepted the sug-gestion, and retained the stock for two years. He then wanted to sell, and I arranged to do this. It was sold at the market price" time in the history of the case. He was put thru a close examination by Crown-Attorney Corley, and a scath-ing cross-examination by Frank Ar-noidl. K.C., appearing for Mr. Cock-in the stock. To "Did that mean that the bank bought "Yes." "There was a good deal of changing in the stock. To whom were the trans-fers made?" he hands of the board of directors rom the commencement of his career "It was transferred to various parthe hands of the board of directors from the commencement of his career as general manager of the bank up to the time of the crash. He had been brought to the position to take the bank from the verge of ruin and with is ability, connections, and support bank from the verge of ruin and with his ability, connections, and support to attempt to carry the tottering in-stitution to a successful conclusion. He swore that the president of the bank was aware of the situation, had suggested that at any cost the bank should extricate itself, that dealing in American securities should be tried as a means to impair the lost capital. From the first he was sure that Cockburn knew the real situation, was at all times e to buy now rectors?' Dealing in Margins. "Not officially. But it was spoken of. Mr. Cockburn knew all about it. The stock had to be bought or the bank would have been forced to close its doors. "You were very careful that the pub-lic should not know?" "Certainly." "Would it be possible for any di-rector to know that the bank was op-erating in its own stock?" its doors. keeping with he real situation, was at all times ware that he was playing New York the reductions aware that he was playing New Fork crating in its own stock: stocks on margin, and that the bank "Yes." "You didn't go around terrorizing McGill further stated that President Cockburn must have known that por-been suggested, making people afraid tons of the report sent to the govern-ment were untrue, and that he had been consulted on the investments in American securities. He had been in-structed to do things on the quiet. Fract W Bern and that he had the losses which occasioned the ruin of the bank. Director Thomas Walmsley stated that McGill had told him he nor his co-directors were in any way to blame. He denied any knowledge of the af-fair until notified by the accountant. The case will be resumed at 11.30 this morning, when several of the directors will give evidence. Knowledge as to Statement. "When Mr. Cockburn signed the "Who were they?" "Mr. Cockburn and other directors." Mr. McGill stated that he went to New York in 1897 to investigate the Denny account and all American se-"When Mr. Cockburn signed the statement to the government, dated June 16, did he know that it was true?" Denny account and all American se-curities, as the directors were anxious to go into that branch of the business. Witness was often there a month at a time, and his address was within the knowledge of any of the directors at any time. "Did the directors know what you were doing?" "They knew all about it—the profits I made were reported. These specula-tions were entered into to make up the deficiency in the capital stock to "If the directors hed not known what you were doing would they not "No doubt." "Do you really believe that the at the statements to the govern-what you were doing would they not asked the crown attorney. "In many respects," said McGill, "he knew it was not true. He knew that the due bills ought to have been much larger than they were." "Did he know that those amounts charged to support the those amounts charged to current loans in Canada were false?" 'I don't know how much he knew; he never looked into it I merely hid general instructions to manage mat-ters. When I took hold it would have "Mr. Langton knew at that fime that the statements to the govern-ment were incorrect on their face?" "No doubt." "Do you really believe that the di-rectors of the bank knew that the losses extended over a million?" "No." "Did they know of any losses?" "They did." "They did." "They might not have known the amount, but they knew that there was taken a million and a half to have liftbank out of its condition. The whole capital of the bank was gone. It was practically bankrupt. "Mr. Cockburn pleaded with me to what you were doing would they not have enquired why you were away from the bank for so long?" Mr. Cockburn pleaded with the to go on. At his instance we went to Montreal, saw the directors of the Bank of Montreal, and they said they would support the stock in Montreal if the directors supported it in To-"I was never away once that the particulars of the affairs of the bank were not forwarded to me each day. The chief accountant. Mr. Langton, knew where I was. I made it a point to have a message go thru every day. "The business of the bank in Can-ada was such that it was impossible to pay the dividends on the stock out "Did you then start to trade in the bank stick?" asked Mr. Corley. When we got back the directors refused to carry out the arrangement. They said they understood that I had means of doing this. But I was not, until thet to pay the dividends on the stock out of the profits. So that it was abso-lutely essential that something should be done. We had to have other sources of revenue than the ordinary business. This was done by discounting "Ameri-car lumbermen's paper, which was freely offered at the time, and buy-ing and selling American securities." "I had to report that there were any losses at any time?" "I had to report that I was com-pelled to sell securities at a loss. De-mands from the branches were such until that moment, aware of such an arrangement. I went to Mr. Ames then, and we talked the matter over. Mr. And set tanked the would support t e stock, and he did it. There were times. however, when he could not do it. The S The only Remains Which will permain Gleet, Stricture, etc. signature on every in the those who have thort avail will not be di thore STORE, ELM STRE stock was on the market, and I con-sulted Mr. Cockburn, and purchased he stock.' "Under what head was that put?" "Under 'Other loans in Canada,"" "Was it a loan?" manner that the statement put forth o the shareholders at the annual meet-ing was correct?" "No. I did not. I said that the list DR. A. W. CHASE'S 255C. Is sent direct to the diseased parts by the Improved Blower. Heals the ulcers, clears the ait nessages, stops droppings in the free. All dealers, or Dr. A. W. Chase Medicine Co., Toreste and Bufalo. mands from the branches were such that we had to do this, because we ing was correct?" Purchase of Bank Stock. were dealing on margins." OODS FOR SALE. "Did Mr. Cockburn purchase any "Did the directors know that you" DR. A. W. CHASE'S 25c. vere buying on margin?" tock? "He came to me to ask how he could 'Yes. "Did Mr. Cockburn know that?" get the difference between the 120 at "Yes. But he didn't seem to know nuch about stocks." CASTORIA. "Did you discuss it with him at the Bears the Bignature Char H. Flitchire eginning? "We did. We discussed Wabash se-curities and other securities, but he didn't seem to know much about

The predict mentioned in a circular of the source and the source of the

Did Not Show It.

"The report was presented and

"Answer the question." "They were prepared and submitted to me.

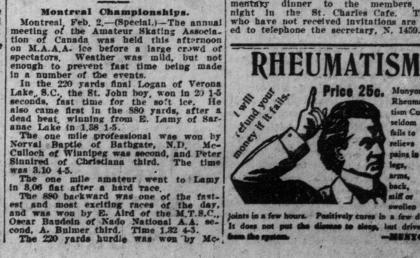
Sold Everywhere,

Tured his heat in the 220 yards, and finally mished second in the three miles, when Robson was disguilted by Referce Figure 1. Close on March 1.
Robson was disguilted by Referce Figure 1. The spring march is as follows: The second heat-WR P. Agnew, Winnipeg, 1; F. Barlow, Toronto, 2. Time 3.58.
Event No. 12-220 yards, boys, 12:13- Hai Kinnear, unattached, 1; Gordon Nace, W. B. 2, Time 3.68.
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Event No. 12-220 yards, boys, 12:13- Hai Kinnear, unattached, 1; Gordon Nace, W. B. 2, Time 3.68.
Event No. 12-200 yards, boys, 12:13- Hai Kinnear, unattached, 1; Gordon Nace, W. B. 2, Time 4.64 4.5.
Event No. 14-One mile, sentor-Thirk Breat-Johan Loc, st. Roy Hinding, for typear-Idia and upward, value \$1000, neulis.
Event No. 14-One mile, boys 12:13-Gordon Metsard, Nace, 1; K. Ch. Hett Broadriew Boys' Institute, 2; Fred Hart Brown, Noronto B. C. 1; C. D. Hett Brown, No. 11-220 yards, sentor-Thirk Brown, No. 11-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Time 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 13-220 yards, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 3 Nime 4.12445.
Event No. 19-00m mile, boys 16.17-First Brown, No 20-Taree mile, sentor-Scool heat-Harty Cody. Central Y.M.C. A, 2 Nime 4.12445.
Event No. 19-00m mile, boys 16.17-First Brown No. 19-00m mile, sentor-Scool heat-Harty Cody. Cent

M. Rawlinson, president of the Grace Church Cricket Club, is giving a compli-mentary dinner to the members, to-night in the St. Charles Cafe. Those who have not received invitations are ask-ed to telephone the secretary, N. 1459.



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care of itself. Resort to Beecham's

