

THE BANK OF BRITISH NORTH AMERICA

vs.
DAVID TORRANCE & CO.

WE have refrained so long as judgment was pending, from expressing an opinion on this remarkable case. Judgment has now been rendered, and as will be seen from the report elsewhere, in favor of plaintiffs.

The opinion we early formed on perusal of the evidence adduced, and which has been strengthened by the findings of the special jury, was to the effect that even if in law, Messrs. D. Torrance & Co., had a right to save themselves against loss, by making use of funds obtained under an uncompleted contract (the completion of which rested with them, and which they refused to so complete) at the expense of the Bank, they were doing what was not a strictly honourable act, and even of the legality of which doubts might be entertained. They sailed at all events very close to the wind, although we are quite willing to concede that they may have considered that in taking advantage of the peculiar circumstances of the case, they were acting both legally and morally. They seem to have rested their main plea of justification on the fact that they received in Yarwood's letter of the 15th July, 1867, no explicit information of the terms on which the cheque therewith enclosed was obtained. This objection might (had Yarwood not written another letter on the 16th, to Torrance & Co., which they had received, but could not produce), have stood in law, but no pretence was made that they were not informed by the Bank here, of the exact position in which they stood. There was still plenty of time to apply by telegraph to Yarwood, to check the correctness of this information, and it was undoubtedly their duty either to accept it as being correct, or to assure themselves of its incorrectness. There appears to be no difference of opinion whatever on the question, if it be taken for granted that Yarwood did advise Torrance & Co. of his obtaining the cheque as proceeds of the new draft which he had drawn on them for their acceptance; and the Court, in giving judgment, insinuates very strongly that the letter of the 16th of July, was purposely suppressed by Torrance & Co., and for the reason of its being in favour of the claim made by the Bank.

We regret very much that a wealthy house of so high a standing as the one in question, should be led by any train of reasoning into doing anything which would not bear the fullest investigation, and we are glad to find, so far as we have means of knowing, that the mercantile community of Canada do not acquit them of rather sharp practice, and that the general feeling is that the judgment against them is a just one. We are glad to know, that public opinion is not in favour of a business man doing in all cases, everything that the law might allow him to do, where his actions would conflict with the higher laws of justice and honour. We trust the men who stand in the foremost rank of the merchants of this country will always be guided by the very highest principles of honour and good faith; that if they do not quite act up to the golden rule, that they will at least do so to others, as they would think it just that others should them under similar circumstances. In commerce, do to everything depends on the good faith existing amongst those carrying it on, and nothing is so demoralizing to a community as the idea that in trade it is right to take every legal advantage, the sharpest wits to win in the encounter. What has given to the merchant princes (to use a very hackneyed phrase) of England, the position they occupy? Not their wealth, not their shrewdness or business capacity, nothing but their unimpeachable character for honour and integrity to which as a class they may lay claim. Their word is their bond, and they would rather suffer injustice than do a known wrong. Let us all then strive each for himself to imitate their example, to act honestly and honourably as well as legally, and to do nothing that might serve to stain his own character, or to injure the standing of the whole community.

We desire before leaving the subject, to call attention to the gross carelessness of the Manager of the Bank of British North America at London. He acted most foolishly in giving to Torrance & Co. through Yarwood, funds to so large an amount without first assuring himself by telegraph that they would accept Yarwood's draft, or as an easy alternative, sending the cheque to the Manager of the Bank at Montreal to be used—conditionally on the acceptance of Yarwood's draft accompanying it—for the purpose of retiring the maturing draft of \$10,000. We see nothing

to excuse this carelessness, save a too ready reliance on the promise by proxy that the draft would be accepted, and a blindness to the possibly cogent reasons Torrance & Co. might have for wishing to get out of a heavy loss, which was then threatening them. Bankers must be cautious first in giving credit, and secondly in seeing that they obtain the securities upon the strength of which they are making the advances. In this case, the credit was good enough, but the Banker failed to obtain to the draft, the names of those on whose credit it was discounted.

THE AGE OF HUMBUG—NUMBER THREE.

THE DOMINION TELEGRAPH COMPANY.

WE are sure the Directors of the above Company, and especially the President, must be grateful to us for the information we have given them, in relation to the Company whose affairs they were directing. To show how grateful they ought to be, we direct the attention of the public to the letter of Mr. Cayley published last week, and ask them to compare it to the one published by us from him a month or so ago. In the first letter we were accused of the most "dishonest motives;" the directors had not the slightest evidence before them of the truth of our charges: "they never heard even by name of such a man as Snow," and so on to what a contemporary calls "two columns of jejune wordiness." In the second letter, however, the President is as mild as a sucking dove, apologizes for the space he occupies, tells us all about the three applications to the Government, for the Charter of the Dominion Company, admits Snow's participation in the first application, and tells us that Mr. Seela Reeve, has transferred his \$490,000 worth of stock to Messrs. McMurich and Cameron, of Toronto, and McGivern, of Hamilton, in trust for the future shareholders. We presume this transfer of stock to the above three respectable gentlemen, has been the result of our *expose*, and that it has taken the month which has elapsed since our article appeared, to get the matter into this shape. It may perhaps be satisfactory to the Directors to know that they no longer hold office at the beck of Mr. Reeve; and the shareholders will be gratified to learn that their votes will not be swamped should Mr. Reeve and they disagree. But the public we fear will still fight shy of an enterprise, of which the Directors appeared to be so ignorant, as to require our articles to enlighten them as to their duty. Moreover, the letter of Mr. Cayley quite confirms the impression that Snow—"the original Josiah"—as well as his son W. D., "the Engineer" is connected with the enterprise. He tells the public that the Atlantic and Pacific, and the Great Western lines being built, induced Mr. Reeve to come to Canada, to benefit Canadians by a new telegraph line also. Now inasmuch as the Atlantic and Pacific line was altogether built by W. D. Snow, and as the Great Western Company was owned, controlled, and manipulated by the original "Josiah" Snow—the inference is pretty plain that the two Snows must have had a close connection with Reeve when we find the names of both these gentlemen appear on the first application for the Incorporation of the Dominion Company. Does not this prove all we have alleged, and make it pretty clear that Snow was the originator, and would have been the gainer had his original scheme of plunder been allowed to be duplicated on Canada.

Mr. Seela Reeve in reply to Mr. Cayley, who asks him if there is any relationship between him and Snow, admits that his wife is a third cousin of W. D. Snow, and is careful to inform us that gentleman is United States Senator for Arkansas. It is needless to show how badly off the people in Arkansas must be for material out of which to make Senators, when they select "the Engineer" of the exploded Grand Trunk Telegraph Company to represent them. We claimed that a relationship existed between the Messrs. Snow and Reeve, and though it may not have been as intimate as we were informed it was, it was sufficiently so to show a connection between these gentlemen; while as W. D. Snow was willing to take \$10,000 stock in the Dominion Line, it indicates a knowledge on his part of the projects and schemes of his wife's thirty-third cousin Seela, sufficient to show a connection such as we feared and indicated, and such as we believe will be sufficient to damn the enterprise beyond redemption in the estimation of the people of Canada.

We won't burden our readers with anything more about the Dominion Line, only we wish that Mr. Cay-

ley had answered our question, whether or not Seela Reeve is not the contractor for the Dominion Line, and at what he is building it? It is not too late for him to set us right yet, if we are wrong in this assertion that this gentleman is not only the admitted relative of the Snow's, not only the admitted charterer (and up to appearance of our article) the controller of the stock, but is actually now the contractor for the building of the line, and that too without the work ever have been put up for public tender, and at a rate yielding a very large profit to the Snow and Reeve combination.

We think our readers will admit that we had good ground for all we said in relation to this enterprise, and we append a few of the numerous comments of the Press throughout the country, in order to show that we are not alone in our estimation of the need of a watchful eye as to their operations.

(From the Montreal Witness.)

The Dominion Telegraph Company stands before the public in a very bad light. It appears clear from the revelations which have been added in Canada West to those of the *Trade Review* here, that a cunning, unscrupulous, and partly bankrupt family circle in the United States have engineered the whole affair for their own especial benefit and have made perfect tools and cat's-paws of a respectable list of Directors in Toronto, who cannot be induced to come out with any clear statement of the affair, if indeed they themselves know anything about it.

(From the Monetary Times, Toronto.)

(The Times, after giving a sketch of the *Review* article, continues.) "We do not vouch for this strange, eventful history, but of Snow's return to the States and the death and burial of the Company we are certain. . . . It appears that the Montreal Telegraph Company and Mr. Snow had some communication so late as last spring. It is stated by Mr. Dwight, the Toronto Manager of the Montreal Company, that overtures were made by Mr. Snow 'that neither Company should reduce rates.' This appearance of Snow had a mysterious opportuneness about it, and if it can be proved, we can only say that deception at the outset augurs a bad ending. The names on the Board of Directors of the Dominion Company are of the highest character, and we call on the board to come forward and let us know what the true state of the case really is. Did those gentlemen whose names appear there accept gifts of stock, or are they *bona fide* subscribers to the concern? Did they examine into the enterprise or take every statement for granted? Has Snow anything to do with them? Who obtained the contract for building the line? What prices are to be paid for doing it? Questions such as these are in everybody's mouth and the sooner they are answered the better for the reputation of those who lent the enterprise the use of their names, and the better for the Dominion Company. We have already heard of parties who talk not only of declining to pay future instalments on this stock, but also of demanding back what they have paid."

(From the Northern Gazette, Barrie, Nov. 19.)

"Considerable stock was subscribed here on the strength of the character of the Directory, and a local agent is yet canvassing. This community, therefore, has a direct interest in the character of the Dominion Telegraph Company, and it is clearly the duty of the press to watch narrowly that its patrons are not the victims of a swindle. (Here follows a sketch of the Grand Trunk Telegraph Line.)

The sketch above given is too true, and many in this County and Town can feelingly certify the above statements. Snow enlisted our leading men at the time by the promise of telegraph facilities and large dividends. Every newspaper paraded his advertisements on the strength of the "respectability" of the thing, but not one copper did either creditors or stockholders get back, as the whilom, enterprising, and ubiquitous Snow noiselessly dissolved his connection and retired from a scheme and country that had already yielded its life blood to his rapacious maw. If then this Dominion affair is a new inspiration of Snow—and we cannot doubt the correctness of the *Review* in stating that Reeve, the Secretary, is related to the Sharper, the inference is too palpable to be resisted, that the "Dominion Telegraph" Company is a swindling ring whose centre is New York, with its circumference, as before, among the confiding citizens and villages of Canada. . . . The public will, we have no doubt, have their eyes open and steer clear of these miserable swindlers."

(From the Stratford Beacon.)

"The reply of Mr. Cayley, President of the Dominion Telegraph Company to the serious strictures of the *Trade Review* was the feeble effort of a respectable nobody—such charges as the *Review* brought demanded a very different answer. It is not therefore surprising that the *Trade Review* returns to the attack. The *expose* is continued in the issue of the 4th instant, and it will require something better than two columns of jejune wordiness from the stump quill of the supernuated Inspector General to remove the impression which the articles in the *Review* cannot fail to produce on the public mind."

(From the Listowel Banner, Nov. 18.)

"Last week a delegation was in our village making preliminary arrangements for building an extension of the Montreal Telegraph Company's lines hence from Mitchell. A few days later another delegation was here representing the New Dominion Telegraph Company. The gentlemen representing this Com-