

APPENDIX No. 3

reserve fund. We have a reserve fund of \$3,400 almost, and over \$2,400 have been paid as *boni* or dividends. The capital must be compensated, must be rewarded; in order to encourage thrift it is absolutely necessary that you should offer some premium and that premium is granted under the name of *boni*, as we call it.

By Mr. Smith (Nanaimo):

Q. How often do you distribute?—A. Every year.

Q. Once a year?—A. Yes, the accounts are drawn up every year.

By the Chairman:

Q. Did you state to the committee to what extent a member could deposit?—A. Yes. If you will allow me, Mr. Chairman, I would like to—

Q. How many shares?—A. I want to make that point very clear. The association must raise a capital; that is the object, in order to help the members by loans. Now, two ways were open to us to choose; either the one or the other, or both. We have adopted the two. One way was to create shares with the idea that the money so invested in the buying of shares would be there in the hands of the association for a much longer time than mere saving deposits which could be withdrawn almost every day. Whenever one is making a saving he has always in his mind one of these two ideas; either to put that money aside for a particular time, for a great emergency, sickness or something of that kind, or for some very close-at-hand expenses—the buying of daily necessities or the paying of insurance premiums, taxes or things of that kind. We decided to create shares with that part of the capital to be put aside with the idea that it should not be taken back for a certain time, that is, for a pretty long time. At the same time, small deposits, which could be withdrawn whenever desired, could be made to the association as well, by the members thereof, but with a lower rate of interest. The idea being that those funds are liable to be withdrawn at any time, it follows, of course, that the association cannot loan them as freely as the share capital, the latter being created with the idea that it will be there for a pretty long time. Therefore, the share capital has and should have a higher reward than the mere deposit, on account of the length of time it is supposed to be in the hands of the association. I hope I have made myself clear upon the distinction that we draw between mere deposits and shares, although both are withdrawable.

By Mr. Bourassa:

Q. And what amount of deposit can any shareholder make?

The CHAIRMAN.—That is what I wanted to know on account of the control a man may have.

A. The amount of shares that any one member can possess is fixed by the general meeting by resolution. It is not fixed once and for all, but is liable to be changed whenever the wants of the association require it. For instance, just about four months ago my own association passed a resolution to increase the maximum to \$1,000, that is 200 shares of \$5. We started with a maximum of \$125, but the wants of the association have been so strong, so far as the loans are concerned, that we have increased it from \$125 to \$250 and then to \$500, and now we have \$1,000. That is, a member can have \$1,000 in 200 shares of \$5.

Mr. Smith (Nanaimo):

Q. Two hundred shares?—A. Of \$5 each. Now if the wants of the association were such that we would think proper to increase the amount to \$1,500 or \$2,000 there would be no inconvenience; on the contrary there would be advantages. Still, as a matter of principle, the general meeting must always keep the control in their own hands in order to prevent speculation or a rich man coming in—

By the Chairman:

Q. And controlling the whole?—A. Not controlling, but to exercise more or less