

MONTREAL SECTION

Office B32 BOARD OF TRADE BUILDING, Phone M. 2797. Business and Editorial Representative, T. C. ALLUM.

LA BANQUE ST. JEAN.

Tangle of Deplorable Facts—Nova Scotia Steel Affairs—Montreal News.

Monetary Times Office,
Montreal, June 18th.

As has been feared for some weeks, the investigation into the assets of the Banque St. Jean has exposed a deplorable state of affairs. A list of half a million dollars worthless assets has been shown in court at St. Johns, Que. It is difficult to say what exposures may be made in future proceedings.

During the week developments have been sudden and startling. On Thursday last action was taken by the Dominion Government Department of Justice against the officials of the bank, and there were placed under arrest Messrs. Hon. Philippe H. Roy, president and general manager, recently Speaker of the Quebec Legislature, P. L. Heureux, manager of the bank, and Philbert Beaudoin, assistant manager. Much criticism was caused by the fact that the chief officer, Mr. Roy, was at first released on bail of \$4,000, while the manager and assistant had to furnish \$50,000 between them. It was afterwards explained that the Crown Prosecutor had ordered acceptance of bail of not less than \$50,000 for the appearance of Mr. Roy, while that gentlemen succeeded in getting another official to accept the \$4,000 bail mentioned.

Arrests Made After Investigation.

The arrests were made as a result of the investigations undertaken by the Finance Department at Ottawa and the Bankers' Association. On Thursday Mr. T. Lawson, of the Department, arrived in Montreal with instruction to Mr. F. W. Hibbard, K.C., Crown Prosecutor. These gentlemen, accompanied by Messrs. John P. Knight, secretary of the Bankers' Association, and Tancrede Bienvenu, liquidator of the defunct bank, proceeded to St. Johns, where the necessary warrants were sworn out. The warrants allege a number of infractions of the Bank Act, principally that in the monthly returns, the bank officials included worthless securities and generally inflated the assets of the bank.

The Act provides as follows: "The making of any wilfully false or deceptive statement in any account, statement, return, report or other document 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 en commandite, auditor, manager, cashier or other officer of the bank, who prepares, signs, approves or concurs in such statement, report, or document, or uses the same with intent to mislead or deceive 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."

A further clause provides for a fine of \$1,000 in addition to the imprisonment above, for any infraction of the Bank Act.

Heavier Bail Was Demanded.

Mr. Roy's success in escaping on light bail proved most unfortunate for him. The gravity of the situation impelled the Crown Prosecutor to have the officials re-arrested on the more serious charge of having "conspired together by deceit, falsehood and other fraudulent devices to defraud the shareholders and customers of La Banque de St. Jean." The second charge being of such a serious nature, involving a maximum penalty of seven years in the penitentiary, bail of \$95,000 was demanded to secure the reappearance of Mr. Roy, which, together with the \$4,000 previously provided by him, made a total of \$99,000. Mr. Roy and his two associates, one of whom had to provide additional security to the extent of

NEW YORK STOCKS

Bought and Sold

FOR CASH OR ON MARGIN

D. M. STEWART & CO.

151 St. James Street, MONTREAL.

\$2,000, and the other to the extent of \$2,000, pleaded not guilty. The preliminary hearing was fixed for last Tuesday. The time in which Mr. Roy was to have provided security for his provisional release, expired Tuesday, and he was locked up at the conclusion of the proceedings.

At these proceedings, Mr. F. McLoughlin, manager of the St. John's branch of the Eastern Townships Bank, who was appointed advisor to the liquidator of the defunct bank, presented a "black" list made up of three parts. The first showed, according to the witness, that about \$523,000 of the assets set down as current loans were absolutely worthless and the other, that about \$10,000, was composed of prescribed notes, part of which had been embraced in current loans and part in debts due. He also produced a statement showing that about \$12,000 of supposed assets consisted of "absolute truck," such as lawyers' receipts for notes given them to collect, memoranda, etc., which had been included, either under the heading of debts past due or other assets not properly described. Mr. J. P. Knight, who laid the first charge, and Mr. T. Lawson, who laid that of conspiracy to defraud, also gave evidence, and the proceedings were adjourned until the 23rd.

Civil Action Also Instituted.

A civil action for \$3,000 also has been brought against Mr. Roy on behalf of the Joseph Brunet estate, and suit has been brought on behalf of La Banque St. Jean against Mrs. P. H. Roy, wife of the president, to recover the sum of \$19,943 loaned on promissory notes. In the case of the Brunet estate, it is claimed that Mr. Roy transferred to the late Mr. Brunet thirty shares of the bank, for which Mr. Brunet gave his note for \$3,000, being par. This note was afterwards paid. It is claimed that the transfer was a matter of form, only, a written agreement having been entered into between the two men by which Mr. Roy was to take back the stock a par whenever Mr. Brunet desired. Mr. Brunet held the stock during his lifetime and the bank being now insolvent, the executors are calling upon Mr. Roy to fulfill his agreement.

During the past few months, several references have been made in these columns to the consolidation of a number of the iron and steel companies of Canada. It was stated these did not include the best known plants, such as the Dominion Iron and Steel, the Nova Scotia Steel and Coal or the Soo Corporation, but that some of the largest companies of a more privately-owned nature were involved. A cabled announce-

Canadian Northern Railway System

Quebec's Greatest Year

LAKE ST. JOSEPH HOTEL

Before and after the Tencentenary. THE hotel is the Lake St. Joseph, in Laurentian Mountains; 100 rooms; 50 minutes from Quebec; station in grounds; special train service; boating, fishing, tennis, golf, croquet; all electric appliances; telegraph. Rates, \$2.50 up. Best New York management. Write for booklet, Manager, Lake St. Joseph Hotel, Quebec.

CREDIT FONCIER, F.-C.

MONTREAL, QUEBEC, TORONTO, WINNIPEG, REGINA,
EDMONTON, VANCOUVER, and PARIS, FRANCE.

Loans on improved city and farm property. Loans to Municipal, School and Church Corporations.

NO COMMISSION CHARGED

For blank forms of application apply to the Company's Office