

BANKING & FINANCIAL NEWS.

CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

LXXV.

It should be observed here that suspension and winding-up are two different things. A bank may suspend payment, but if the suspension does not amount to "ninety days consecutively, or at intervals within twelve consecutive months," it may resume business and retain its charter. In actual practice it is a very difficult thing, indeed, to keep a bank from being wound up once it has suspended payment. The damage to its credit is all but irreparable. If the suspension continues for more than three months in any year, that constitutes insolvency. The course of events may be thus explained:—

At suspension the supervision of affairs is vested in the curator as appointed by the Canadian Bankers' Association. The board and general management having confessed incompetency by acknowledging their inability to meet the bank's obligations, are put under the control of the curator, who acts on behalf of the creditors and stockholders.

How Suspension can be Avoided.

Then the stockholders have three months in which to save the bank. If they can in that time perfect arrangements whereby the bank can resume business and meet all obligations as they accrue, or if they can arrange for a sale of the bank "en bloc" to another bank, fully protecting the creditors, insolvency is avoided. In the first case, the owners resume full possession of the business, and in the second the estate, if any, is divided among the stockholders.

But when suspension runs beyond the prescribed limit insolvency begins and the creditors take full possession, the curator gives place to the liquidator. It may be that the same man will act as curator and afterwards as liquidator. The point is that during suspension creditors and stockholders have a joint control; but in insolvency creditors are in full control.

Claims to be Considered.

The liquidator proceeds to realize the assets and to pay off the liabilities as rapidly as he can. There are three preferential claims. First of all comes the outstanding note circulation of the bank. That ranks ahead of all other claims. Furthermore, the notes bear interest at 5 per cent. from the date of suspension till such time as the liquidator announces his readiness to redeem them. As soon as a bank stops payment its notes begin to accumulate in the vaults of the going banks. These continue to accept them from the public on deposit and in other ways just the same as if no stoppage had occurred. They do so because the notes are perfectly good and because of the interest they bear. Besides being a first claim on the assets the notes are guaranteed by the associated banks through the Circulation Redemption Fund held by the Dominion Treasury.

BANKING AND FINANCIAL.

The number of directors of the Nipissing Reduction Company, of Toronto, has been increased from five to seven.

The Nipissing regular quarterly dividend of three per cent. has been declared on the stock, payable October 20th.

The Union Bank has opened a branch at Perdue, Sask., with Mr. G. N. Jost, of the Boissevain branch as manager.

The capital stock of the Delora Mining and Reduction Company, Limited, has been increased from \$100,000 to \$250,000, by the issue of 150,000 shares of \$1 each.

A winding-up order has been granted against the Red Rock Mining Company. Mr. H. W. Edgar has been appointed interim liquidator, and Mr. George Kappele referee.

The paragraph appearing in these columns last week relating to the Montreal Engineering Company's earnings for August should have referred to the Camaquey Company, Limited.

During the eight months ended August 31st, the Twin City Rapid Transit Company earned a 7 per cent. preferred dividend and a 5 per cent. common dividend for the entire year, with a balance of \$75,033.

Zarossi, the former Montreal banker who made numerous appearances in the Police Court last winter on charges of defrauding his clients, and later jumped his bail, escaping to Mexico, has been brought back to the city.

At Toronto on Tuesday, Mr. Justice Latchford formally signed the winding-up order against the Ontario Bank, applied for by the Montreal Bank as creditor and the executors of the late F. B. Polson, a shareholder. The Royal Trust Company, of Montreal, were appointed liquidators.

GRAND TRUNK RAILWAY REPORT.

The half year report of the Grand Trunk Railway, the principal items of which have been received by cable, shows a decline in gross earnings of \$2,300,000, the weekly returns having fallen off to the extent of \$3,265,000. But the economies which had been promised have resulted in reduction of expenditure by \$1,746,000, principally in expenditure of maintenance of way and equipment. The ratio of working extra train mileage—9,460,756—decreased by 621,057 miles. The total receipts were \$14,595,960, and the total net revenue receipts \$4,528,355, prior charges absorb \$3,625,885, and deficiency on Canada Atlantic, \$344,455. After meeting the deficiency on the Detroit, Grand Haven & Milwaukee of \$232,865, a total of \$936,240 is left for dividends.

TORONTO NATIONAL EXHIBITION.

Increased Interest in the West Provinces—Larger Exhibits Are Likely Next Year.

That Canada's western provinces will, next year, be even more widely represented at Toronto's National Exhibition than has hitherto been the case, is very likely. The Monetary Times staff member, making a trip through the Western country, writes under recent date of the high esteem in which the Toronto fair is held by the men West of Winnipeg. The success this year of the Alberta Government exhibit of Edmonton's and Strathcona's showing, of Saskatchewan's contribution, at the Queen City's annual event has awakened a stronger interest in the West regarding the educative and advertising value of the Toronto show.

Medicine Hat Has Ideas.

It is not unlikely that next year, exhibition visitors will witness what Medicine Hat's natural gas can do. At the Calgary fair, two large tanks stored with gas, helped to make electric lamps look like candles when compared with the gas light from Alberta's earthly bowels. Mr. J. T. Hall, Medicine Hat's publicity commissioner, entertains serious thoughts of bringing along to Toronto an attractive exhibit in 1909.

The fact that our home exhibition is assuming year by year a more national character is fully realized in the West.

Alberta's Best Advertisement.

The suggestion was made the other day by an Albertan, that the fifty odd Alberta exhibits at this year's Calgary fair should be carried en bloc to Toronto next year. "This would be the best advertisement that our part of the country could get for the amount it would cost in transportation," he added.

It is to be hoped that our Western friends will keep these ideas well to the front. We feel sure that the exhibition authorities will co-operate in every possible way.

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