

able, these branches can be closed almost immediately—the usual notice having been given to the managers and other officers.

With the view of showing the actual position of affairs, the Directors have prepared statements in detail of the various items forming the assets of the bank, with an estimate of each, arrived at after careful consideration. These statements will be submitted to the proprietors in order that they may determine what course, under existing circumstances, is best in the interest of the bank to pursue.

The Directors have to report that the branches have been recently inspected, and that everything was found correct.

The usual annual general statement of the affairs of the bank at the close of its financial year, is subjoined.

THOS. C. STREET,
President.

Profit and Loss Account.

Balance at credit of this account, 30th June, 1867	\$77,469 11
Gross profit for year ending 30th June, 1868	71,265 06
	\$148,735 01
From this amount the following appropriations and deductions have been made, viz.:	
Dividend No. 50, paid 2nd January, 1868	\$28,324 80
Expenses for the year, ending 30th June, 1868	\$9,996 21
Bad debts written off during the past year	60,742 67
Loss on conversion of U. S. Bonds	7,382 87
Loss on sale of Bank of U. P. Canada Certificates	9,167 45
Interest reserved, being rebate on bills current	5,504 34
Adjusting interest account, balance reserved	2,809 06
D. exchange account do.	3,781 83
Tax on circulation	\$892 12
	158,600 35
	\$9,865 34

General Statement of the Affairs of the Gore Bank, as on the 30th June, 1868.

LIABILITIES.	
Capital	\$809,280 00
Circulation	211,810 00
Deposits	304,443 84
Balances due to Banks	41,680 22
Unpaid Dividends	256 20
Adjusting exchange account	3,781 83
Adjusting interest account	2,809 06
Interest reserved, being rebate on bills current at this date	5,504 00
Reserve	75,000 00
	\$1,454,565 49
ASSETS.	
Gold and Silver coin and Provincial Notes	\$184,341 72
Cheques and Notes of other Banks	26,206 48
Balances due by other Banks	71,644 13
Government & Municipal Debentures	201,533 33
Mortgages	49,139 02
Real Estate	58,369 39
Bank Premises and Furniture at Head Office and Branches	24,238 21
Notes and Bills discounted, and other debts due to the Bank, not included under the foregoing heads	29,187 47
Balance of Profit and Loss Account	9,865 34
	\$1,454,565 34

W. G. CASSELS,
Cashier.

The chairman said that the accounts showed that losses had been sustained to the amount of \$222,000, which was 27½ per cent. of the capital of the bank. The losses at the agencies, which were included in the above, were as follows:—

Woodstock	\$37,800
Paris	12,400
Galt	3,685
Guelph	1,700
London	972
And at Simcoe, under the management of Mr. Campbell, only	136

The total loss at the agencies had been \$16,693—the rest of the \$222,000 had occurred at the head office. It had already been decided to drop three of these agencies, London, Paris, and Guelph.

The Chairman then gave a brief account of each item of loss of any considerable amount,

how incurred, under what circumstances, &c. Much of their loss had come upon them through the Commercial Bank. There had been a drain from the Gore Bank of about a million of dollars, and he claimed it was to the credit of the management that they had been able to keep open their doors. Another source of damage to the Bank was the placing of their stock upon the market by shareholders, with orders to sell at almost any price. The action of the Hamilton City Council, in withdrawing its account, some \$120,000, had been most cruel in its character, most extraordinary, and most disastrous to the Bank, which, he thought deserved better treatment than that from the city, considering what it had done for the city a few years ago, at a time of urgent need. Under pressure of this demand they had had to go to Toronto, and, after examination of the position, the Toronto banks advanced \$200,000 on discounted paper, all of which was being promptly met when due. The Board represented a quarter of the capital of the bank, and was, therefore, strongly interested in its prosperity. He believed there was one way, however, in which a healthy directory might even be a disadvantage. For instance—when the bank stock went low in the market, people might say: these directors know all about the bank; they are wealthy men, and could buy up the shares if they chose, but they do not buy, therefore the inference is that they have no confidence themselves in the concern. The position of the bank was simply this: it was good for all its liabilities to the public, and a great deal more besides, but recent events had destroyed its business, because they could not keep on discounting paper in the face of what was occurring, with distrust in the public mind. It was for the shareholders to consider what should now be done. They had remaining 72½ per cent of their original investment—27½ per cent, as he had stated, having been lost. They might elect to close business at once, and each of them take, as soon as it was possible to realize the same, this 72½ cents on the dollar (the public, however, bearing in mind that the 27½ per cent difference represented the losses of the shareholders only, having nothing to do with the notes of the bank, which were good for 100 cents every dollar of them.) The directors had not taken it upon them to recommend any particular course; but he would state his own opinion, that they should boldly face the difficulty, and determine to conquer it by continuing business and dropping all dividends until the lost 27½ per cent had been made out of profits, and the stock brought up to its full amount. He was confident that this could be done in three or four years, in four years at the most, he should say. They might again ask Parliament to authorise a reduction of the capital stock, or they might amalgamate with another bank. (Cries of "No, no, no," from all quarters of the room—the shareholders being apparently united in opinion that "amalgamation," was not the thing for a bank in difficulties.)

Mr. Murray, of Montreal, said he wished Mr. Street had taken his view of the bad policy of amalgamation with another bank in the case of the Commercial Bank in which they were both shareholders.

Mr. Street said the directors of the Commercial had advised that course, and the consequence was that the stock of that bank was sacrificed.

The name of Mr. David Wright was at first placed on the committee, but that gentleman said he would be unable to act.

Mr. A. T. Wood moved, seconded by Mr. Stanton,—That the report be received and printed. Carried.

Mr. Cassels, in reply to a question, explained how the bank of Upper Canada owed \$78,000 to the Gore bank at the failure of the former. The arrangements by which a sum was kept in the bank of U. C. at Montreal to the credit of the Gore, very similar to the arrangement now existing with the bank of Montreal, were made before he entered into the service of the Gore.

Hon. S. Mills said he did not think there was a large amount held in that way by the bank of U. C.

Mr. Cassels said the books were always open for inspection.

Dr. Billings—Were the Directors aware of the amount of Buchanan, Hope & Co.'s indebtedness at the time of their failure?

Mr. Cassels—If they were not all aware of it, it was their fault. A special book "Bills presented for discount" was kept in which all discounts were regularly entered. That book was presented at every meeting of the Board—and if the Directors had not fully understood what was so plainly laid before them, he did not think that he ought to be held responsible for it.

Dr. Billings—Did not one of the Directors ask you about the time of the failure as to the liability of Buchanan, Hope & Co., and did not you say about \$100,000?

Hon. Mr. Mills—I am the person.

Mr. Cassels said he could not have made such a statement with the books before him as most certainly they were at every meeting of the board.

Mr. Street, knew that the books were always there. He recollected some question about the account, but could not say what answer was given.

Mr. Cassels, in reference to Buchanan, Hope & Co.'s paper it was running when I came to the bank, and I believe the only question ever raised by Mr. Mills was as to the fact whether Buchanan was fully held on the paper, expressing himself as perfectly satisfied if that was the fact.

Dr. McQuesten. Buchanan, Hope & Co.'s paper he believed was the only account that had been allowed to go over the limit, which he believed to be \$120,000. There were three notes of the house here on the house at New York amounting to \$25,000, he thought this was all. He remembered Mr. Mills asking about the indebtedness, and the reply was about £25,000 to £30,000. I give Mr. Cassels credit for laying everything before the Board. The \$73,000 due by the bank of U. C. and this matter of Buchanan's are the only exceptions I ever heard of. I had no confidence in the bank of U. C., and asked Mr. Cassels to sell my stock if he could, for a shilling, so that I would escape the double liability, if it could be done, so that I would not lose my character. I was anxious to get rid of my stock if I could do so honorably. Mr. Street has used his influence to break down discipline in the bank. When I tried to get rid of Mr. Crawford he prevented it. I would have resigned but was prevented by Mr. Cassels.

Mr. Cassels—Dr. McQuesten accuses me with having too much funds in the bank of Upper Canada. I did not make the arrangement.

Dr. McQuesten—No. I exonerate you from that.

Mr. Cassels resumed. I merely carried out the arrangement I found. As to the Buchanan matter I have no recollection of the conversation; but I am quite sure that all discounts were submitted to the Board, and a general balance book was kept which showed the position of all accounts on the 10th and 25th of every month, and which was always open to the inspection of the Directors.

Dr. McQuesten.—All was very well until lately. You never gave us intimation of the increased discounts of Buchanan, Hope & Co.

Mr. Murray, of Montreal. Had been for 25 years a shareholder in the Gore bank and had in that time only attended two meetings, one in 1848 when the bank was in a worse position than it is to-day, and the present meeting. At the meeting in 1848 the shares had been reduced from £12 10s to £10 0s 0d; but in four or five years after the Directors were able to pay the shareholders a bonus of 25 per cent. The bank retained the confidence of the public. In 1854 you paid 18 per cent., and on the faith of these successes I took additional stock. After that losses occurred, and the dividends were reduced from 8 to 7 per cent., and then you appeared to have written off large amounts. In 1863, Mr. Cassels assumed charge, and in the first report we find again a large amount written off; but large amounts were put in as good, which it now appears ought to have been placed as bad or doubtful. The statements,