

FARMERS BANK FIGURES.

Analysis of Some of Those Sent by the Bank Officials to the Dominion Government.

It has been proved that the returns made by the Farmers Bank monthly to the Dominion government were false. The general manager of that institution is now paying the penalty for his share in that matter. It is difficult to analyse figures some of which necessarily are incorrect, but the accompanying table compiled by The Monetary Times from Farmers Bank statements sent to the government, reveals some interesting points. The authorized capital of the bank was \$1,000,000. This amount was not subscribed until March, 1908, fifteen months after the bank's beginning. The first return was made to the government in December, 1906, when the subscribed capital was shown to be \$577,600, of which \$300,240 was paid up. The subscribed capital was gradually increased, and in August, 1907, it amounted to \$621,700, at which figure it remained until November. In February, 1908, the subscribed capital was \$638,700. During March there must have been considerable activity in raising stock subscriptions, for at the end of that month the amount had increased from \$638,700 to \$1,000,000, a gain of \$361,300 or 56 per cent. The subscribed capital remained at \$1,000,000 until the failure of the bank on December 19th, 1910.

Curious Changes in Paid Capital.

At the same time more curious changes occurred in paid up capital, which in the first statement, dated December, 1906, was quoted at \$300,240, the difference between subscribed and paid-up thus being \$277,360. This difference was approximately maintained until March, 1908, the month in which the subscribed capital made a jump of 56 per cent. While there was a notable increase in subscribed capital over February, the paid-up capital made a gain of only \$3,592 or 7 per cent. The difference between subscribed and paid-up in March, 1908, therefore, was \$541,339.

In September, 1909, the paid-up capital stood at \$566,396, but by the end of October it had become considerably enlarged, standing at \$996,000, an increase of \$429,604 or 75%. Then occurred a change which alone would prove that something was wrong with the bank. The November paid-up capital was given as \$979,800, a decline of \$16,200. This would seem to show that the October amount, \$996,000 had not actually been paid-up and that the November amount, \$979,800, was reduced when the bank management concluded it was impossible to collect what a month previous they had reported as collected.

A Curious Coincidence.

In February, 1910, there was another drop, one of \$9,000, in paid-up capital, and in March yet another of \$1,100. In May a further decline of \$200 occurred and in October, two months before the suspension of the bank, the paid-up capital took a decided downward plunge, dropping from \$969,599 to \$584,500, at which amount the paid-up capital was reported to the government in October and November, 1910. This was a decrease of \$385,000 or 38 per cent. It is a strange coincidence that this is the exact amount of stock subscribed by M. D. Chapman (in trust), of New York, the figures appearing in the return of bank shareholders made to the government, and dated December 31st, 1909. In that return, Chapman was reported to hold 3,850 shares valued at \$385,000, none of which was said to have been paid.

Deposits Increased Rapidly.

The total deposits in January, 1907, when the bank really commenced to do business, were \$57,128 and a month later, \$92,818. Deposits increased rapidly and at the end of the bank's first year amounted to \$635,177, an increase in the twelve months of \$578,049 or 1,011 per cent. The total deposits first reached a million dollars in August, 1908, when they amounted to \$1,020,999. The deposits after notice alone amounted to \$1,016,839 in February, 1909.

Total deposits made the high record during the bank's existence in December, 1909, when they amounted to \$1,648,120. The remarkable fact is that with the ugly rumors current respecting the bank, especially during the last two years of its existence, the deposits maintained a good average. Not once did deposits after notice drop below one million dollars after December, 1909, when the high mark was reached. Even on November 30th, nineteen days before the bank closed its doors, the total deposits were reported at \$1,314,226.

Loans to Directors.

The column in the bank statement which showed the aggregate amount of loans to Farmers Bank directors and firms of which they are partners, contained some interesting figures. In January, 1907, the amount was \$6,087. In February it had increased to \$16,884, a gain of \$10,797 or 177

per cent. In March it had grown to \$68,456, an increase of \$51,572 or 305 per cent. In June it had risen to \$98,118, a gain over March of \$29,662 or 43 per cent. As will be seen, the figures vary considerably throughout the statement until November, 1910, when they stood at \$28,800.

If deposits had grown with rapidity, loans, through the medium of which it seems most of the rascality was committed, did not remain far behind. On a reported subscribed capital of \$591,100 in January, 1907, of which \$315,005 was paid up, the bank made total loans of \$69,069, which increased a month later to \$186,144, an increase of 168 per cent. In March another large gain was shown from \$186,144 to \$373,663 an increase of \$187,519, a gain of 100 per cent. In May, 1908, total loans were reported at \$1,009,913, of which \$904,373 represent current credit. When current loans were high, call loans were low. For instance, in August, 1908, current stood at \$1,074,116 and call at \$94,414. In December, 1908, current were \$782,600 and call \$591,518. Two weeks before the failure total loans of \$1,538,034 were out. The highest figure at which current loans stood was in January, 1910, the amount being \$1,214,136. Call loans were at their highest record in December, 1909, being \$623,157.

As to Overdue Debts.

Notes in circulation were reported when the bank commenced business at \$30,935. A year later, January, 1908, they were \$199,505. Twelve months afterwards they figured at \$267,155 and twelve months ago at \$364,765. Under the heading "overdue debts," \$352 appeared in January, 1907, when the Farmers Bank commenced its career. This item showed some pretty substantial increases and after the bank had been in business twelve months the figure had increased to \$22,532. Last summer and fall this account showed the greatest variations. In June, 1910, the overdue debts were \$16,321 and in July, \$61,399, an increase of \$45,078 or 276 per cent. Two weeks before the bank's suspension these debts were \$67,820.

The assets of the bank in December, 1906, immediately prior to its commencement were reported at \$267,839. In August, 1907, they had reached \$1,056,712, while the total liabilities were estimated at \$621,370. According to the figures of Mr. Travers and his assistants total assets were flourishing financial flowers, having reached the large sum of \$2,325,227 in December, 1908, while the total liabilities were reported at only \$1,741,183.

Assets continued to increase and in November, 1909, they were \$2,676,315. A year later, just before the label "Closed" was placed on the bank's doors, the assets were figured at \$2,616,683 and the total liabilities at \$1,997,041. The Farmers Bank statements as sent to the Dominion government would seem to add weight to the American adage that while figures cannot lie, liars can figure.

FARMERS BANK DEVELOPMENTS.

Lieutenant-Colonel Munro, president of the Farmers Bank, will answer the following charge in the Toronto police court on Monday:—

"That James Munro, in the month of January, 1910, and each month following that, including the month of November, 1910, being the president of the Farmers Bank of Canada, that being a chartered bank, did wilfully make false statements respecting the affairs of the said bank to the Minister of Finance and the Receiver-General during each of the said months, pursuant to the provisions of the Bank Act, and particularly did falsely state in each of the said returns the amount of the railway and other bonds, debentures, and other stocks; the amount of the calls and short loans on stocks and bonds in Canada, and the amount of current loans in Canada held by the said bank as part of the assets thereof on the last judicial day of the month last preceding each of the said returns, the said false statements being contained in items 11, 12, and 14 of the schedule of assets forming part of the said returns, contrary to the Bank Act of Canada."

The case against the four provisional directors, Messrs. Ferguson, Watson, Fraser and Lown was adjourned on Thursday for one week.

At a meeting of the Clearing House Association of Calgary, held on January 11th the following committee was elected for the year 1911: Mr. W. Hogg, of the Bank of Montreal; Mr. P. B. Tucker, of the Dominion Bank; Mr. A. L. Nunn, of the Imperial Bank; Mr. C. W. Rowley, of the Canadian Bank of Commerce, and Mr. F. Macbeth, of the Molsons Bank. Mr. Hogg was appointed chairman, and Mr. Tucker vice-chairman. Mr. W. H. Jackson was reappointed managing secretary of the clearing house.