

and especially at a time when trade was in a critical state, and many of the bank's customers were in difficulties. He had before him, at every board meeting, accounts of such a kind that the most cursory glance at them would inform him of much of what was taking place. At one board meeting a report was discussed and approved, in which he and the other directors were expressed to have much pleasure in informing the shareholders, that after making provision for bad and doubtful debts, they were able out of profits to carry a sum to reserve fund, and a dividend was recommended. Similar representations to the shareholders appeared in the directors' reports for each year. It seemed, therefore, to the judge, that even if the entire neglect of the director's duties, to which he confessed, was not enough to make him responsible for an *ultra vires* payment of dividends out of capital, still the representation to the shareholders did so. The representation was put forward, not as a statement of the manager, but as a statement of the directors, as to matters which the shareholders were by the articles of the Association precluded from investigating for themselves, and it implied that the directors had personally taken reasonable steps to ascertain that the statement was true. They made it, intending it should be acted upon, although they knew that they had taken no such steps, and although at best they were ignorant whether the statement was true or false. That, in the opinion of the judge, was fraud, or at any rate it involved the same consequence as fraud. As a result, judgment was given against Mr. Cory for £37,000, or \$185,000, with interest and costs.

CITY OF BRANDON, MAN.

We have had previous occasion to refer to this ill-advised City, and the position of affairs, so far as the bond-holders are concerned, has already been described. We will review the situation again.

The interest coupons due in January last were not paid, and the bank at which the bonds are domiciled, having no instruction, was obliged to return the said coupons without giving any explanation whatever. Subsequent enquiries from the holders elicited a reply from one of the Corporation officials, which, in substance, amounted to little more than this, viz.: That they found it inconvenient to pay, and consequently did not do so.

Surely, this is trying the patience of investors too far. The bond-holders received no intimation whatever that default was likely to take place, and, even when the coupons were returned, they were not accompanied by any excuse or reason.

We understand that the City is now suggesting to the bond-holders a reduction of the interest rates. We have not seen any certified copy of the City's pleading, but from our idea of the Municipality and special reports we have had upon the subject, we imagine that this Corporation will have very hard work to make out its case.

The facts which a bond-holder cannot ignore are as follows:—

1. Brandon is the second place in Manitoba.
2. The population increased about 10 per cent. last year.
3. The City is surrounded by what is probably the finest agricultural district in the Province.
4. The City is served with one of the best systems of water and drainage in the whole of the North West.
5. The place is substantially built, is very well located and in the immediate vicinity are the farm and Indian schools and a large asylum.

In the face of the above particulars, how does Brandon expect that the bond-holders will quietly acquiesce in any proposition which means loss of money on investment, and, so far as can be judged, a needless loss of money.

Our own impression we have conveyed in former articles. But we do not hesitate to reaffirm that Brandon is able to pay, and should be made to do so.

We are credibly informed that the bond-holders have placed their interests for suit in the hands of two eminent lawyers, Mr. Archibald and Mr. Howell, both of Winnipeg. The result of this case will be watched with the very keenest interest.

We may be pardoned for drawing a sharp distinction between the respective courses adopted by this City and New Westminster, B.C.

CITY OF NEW WESTMINSTER, B.C.

This City was visited last Fall by a disastrous conflagration, which destroyed the best and most valuable portion of the business district of the City. Financially, the result was a very serious diminution of earning power to this Corporation—vacant land could not be assessed like costly warehouses and stores.

The bonded debt of the City is some \$953,000, at 5 per cent., involving an interest charge of about \$47,650 per annum. The situation had to be faced, if New Westminster were to maintain her credit individually and the reputation of the Province generally.

The City Council and the rate-payers are to be commended for doing *exactly the right thing* under the circumstances. They appointed a representative in Montreal, called a meeting of all the bond-holders they knew, and placed before them a statement showing the precise condition of affairs.

The City's proposition was merely for two or three years' relief on a portion of the interest payments, or, to put it more correctly, the city asked the bond-holders for a little time to pay the full amount of interest due in the first two or three years. For whatever concession is allowed, the City will grant new 5 per cent. interest debentures, due in ten years or thereafter, so that the bond-holders lose nothing whatever.

Legislation with the consent of the bond-holders has accordingly been passed, granting the City the said concession regarding interest, and also the power to redeem their outstanding debentures, by