

to \$50,000, and when the company went into liquidation his embezzlements amounted to \$187,620. Rowley was implicitly trusted by the directors, and after beginning to embezzle he always objected to having an assistant in the office, telling the directors he was quite capable of doing all the business himself. He never went out to lunch, leaving a director in the office, for fear a depositor might come in with his pass-book, and the result might be the discovery of a defalcation. The private ledger kept by Rowley for his own purposes contained the correct accounts of the depositors whose moneys he had embezzled, and therefore corresponded with the depositors' pass-books, while the company's ledger contained the falsified accounts of these depositors. He was never for a moment absent from the office on any occasion while the books were being audited. The auditors had access to all the books in the company's office, and one of the questions was as to whether these alone enabled the auditors to make a thorough and systematic audit. One of the auditors of the Elgin Loan and Savings Co. testified that, while the books kept by Rowley were in perfect order, what struck him was that the auditors had to rely entirely on the cash book for the receipts of cash, as there were no deposit slips, and unless the auditors had the depositors' pass-books there was nothing to check by. This condition of affairs caused him to make inquiries, and he discussed with the president of the company the question of Rowley's receipts, and whether the auditors should go to the trouble of calling in the pass-books or sending out a slip to each customer shewing how his account stood in the books. To this the president replied that, as no company in St. Thomas had adopted that course, the auditors were only to be responsible for their audit from the cash book. The Loan Companies Act, R. S. O. 1897 ch. 205, sec. 92, requires that two or more auditors shall be chosen by the company's stockholders, who shall audit the books, accounts, and vouchers for the year then current. The guarantee policy contained this recital: "Whereas George Rowley, of St. Thomas, in the Province of Ontario, hereinafter called the employee, has been appointed manager in the service of the Elgin Loan and Savings Co., hereinafter called the employer, and has applied to the London Guarantee and Accident Co. Limited, hereinafter called the company, for the grant by them of this agreement; and whereas the employer has delivered to the company certain statements and a declaration setting forth, among other things, the duties and remuneration of the employee, the moneys to be intrusted to him, and the checks to be kept upon his accounts, and has