

7 EDWARD VII., A. 1907

must be unanimous on all demands for loans, and if that unanimity is not forthcoming, then the applicant may go to the board of administration and expose his case. We have provided that safeguard because in a small community there may sometimes be a member of the board of credit who has something against a member of the association and will say, 'If ever he asks for credit I shall refuse,' without giving any reason. Well, we want to protect a member from any such contingency and give him the right of appeal to the board of administration. But that is the only case where the board of administration can have anything to do with the—

Q. The granting of loans?—A. Yes, the granting of loans. It is only in case of something unusual, in case of some great emergency.

Q. But in all other cases the board of credit must be unanimous?—A. The board must be unanimous.

Q. What about the board of supervision?—A. The board of supervision has only to control what has been done but has nothing to do with that.

Q. In case the board of supervision should think that the board of credit has made some loans that are not entirely recoverable, what is the action of the board of supervision? To whom do they report?—A. They report direct to the general meeting, or to the board of administration, as the importance of the case may require. It is set out in the by-laws?

Q. To the general meeting?—A. Yes, and the board of administration, as I have just said. The members of the board of supervision remain in office for one year. They are re-eligible. They watch over all the operations of the association, frequently check the cash, the investments and securities, see to the carrying out of the by-laws, regulations and decisions of the committee of credit and direction, especially as regards loans, renewals and advances. The board of supervision also has the right to examine and audit all the books of the association, and they are bound to call an emergency general meeting of the shareholders if they find anything serious in connection with the management of the association's affairs, or any violation of the statutory prescriptions relating to the administration of the moneys paid into the funds or of the securities exacted for the repayment of loans. They may, in the event of emergency or extraordinary cases, suspend the salaried officials and members of the committee of credit and management, but shall at once report their reasons to a general meeting of the shareholders, who shall decide on the same.

By the Chairman:

Q. The board of credit recommends all loans. Is any action taken by the board of supervisors to control the loan before it is assented to by the board of credit?—A. No, not directly, but they are to supervise everything.

Q. They can go at any time and see by themselves?—A. Exactly.

Q. And see what transactions have been made and arranged?—A. Yes. It must be admitted that in a small community these loans cannot be made without it being more or less known, and then if there is wrong done any member of the board of supervision can go to the manager and say: 'What have been the transactions up to this date?' Thus he can look into the matter, and he may call immediately a meeting of the whole board of supervision to go into it under all the rights and provisions that are set forth in the by-laws. I will not weary the committee with reading all the clauses of our by-laws—

Q. It is understood you will file them?—A. Yes, they have been filed.

At the last meeting of the committee it so happened that we did not touch upon the question of the appropriation of the profits realized every year; it shows how far we were from the question of greed. The association, making loans, of course, realizes profits, and those profits are appropriated. In our association we do not call that dividends, because it smells too much of commercialism; we call that *boni*. That is a peculiar name for these co-operative associations. For example, in our association at Lévis we have realized over \$5,000 of profits. That has been apportioned to the *boni*, to the payment of interest on small deposits besides the shares, and of expenses, and then to the