

*By Mr. McMaster:*

Q. But in the case of the issue of Government bank notes, would not the disappearance of the privilege which now goes to secure the notes of a private bank, would that not put the ordinary creditor on a better footing?—A. I do not think so. Not a bit. It is just a question of how the assets run.

Q. You would have the same assets as before, but they would be divided among all the creditors?—A. No.

*By Mr. Benoit:*

Q. Supposing you exchange dollar for dollar?—A. Yes, but you must take into consideration how they get hold of these Dominion notes. They must put up their assets, and when they redeem them they are just lowering their assets.

*By Mr. Spencer:*

Q. When a bank fails there are certain prior liens on the assets of that bank?—A. Yes.

Q. The first lien on the assets of the bank is the private notes?—A. Yes.

Q. Except that they call on the Note Circulation Redemption Fund, to what extent?—A. Provided the assets will not permit of the redemption of the notes. That is a protection to the man who holds notes of the bank in which he has no say. He is not a client of the bank and he must be protected in order that the notes of a Canadian bank may pass like gold.

Q. But to what extent can the holders of the notes of a failed bank call upon the Circulation Redemption Fund?—A. If the assets do not provide it, to the extent of the deficiency in the assets to meet the notes.

Q. At once?—A. The liquidator would make up how much he needed at present and he would call on that particular bank's own part of the deposit in the Circulation Redemption Fund. If that was not sufficient it would be taken out of the general fund and distributed pro rata to all the banks and handed over to him, and the other banks would have to immediately make up their quota again.

Q. Let me take you over that ground again. Is it not a fact that when a bank fails, the only call it has on the Note Circulation Redemption Fund is what it has paid into that fund, plus the interest?—A. It would depend upon the extent of the notes.

Q. I do not care how many notes are out. Before they come back on the other assets of the bank, I want the first call on the Note Circulation Redemption Fund.—A. Yes, they come and get it out of the Circulation Fund.

Q. To the extent of the amount they have paid in only, plus the interest, each bank? Suppose the Home Bank fails, as it has, and it has \$2,000,000 out in notes.—A. Yes.

Q. And it has paid \$100,000 into that fund. The only amount it can collect on at once is that \$100,000?—A. No, if the liquidators say, "We need at once \$500,000, \$100,000 of that bank and the rest from the other banks."

Q. That conflicts with evidence we have had before. Why did they not do it in the case of the Home Bank?—A. We have paid out everything the liquidators have called for from the Circulation Redemption Fund.

*By Mr. Irvine:*

Q. Why not pay out more?—A. You get the liquidators to make a demand upon it.

*By Mr. Spencer:*

Q. Your evidence then, does not coincide with the evidence given before. However, after they call on the Note Circulation Redemption Fund for a certain

[Mr. J. C. Saunders.]