

con, nothing occurred or was hinted at, looking to any compromise or arrangement as between myself and the Board.

Mr. Smith has another explanation of my position. He seeks beyond the date fixed by the Directors for the commencement of my opposition and traces it to July last. "The first cause of his (my) real discontent was the fact that he (I) was not elected President in July last when my (Mr. Smith's) term of office expired." How little reason I had to be dissatisfied with the action of the Shareholders on the occasion referred to, the result of the voting will best explain. Thus the list stood:

Donald McDonald.....	4,052 votes.
William Barber.....	3,916 "
James Metcalfe.....	3,752 "
R. A. Harrison.....	3,262 "
Alex. Manning.....	2,926 "
A. M. Smith.....	2,924 "
J. Crombie.....	2,860 "

So decided an expression of confidence on the part of the Shareholders left me nothing to desire. With the subsequent election of Mr. Metcalfe to the Presidency by the Board I avowed myself dissatisfied, because that gentleman was then heavily indebted to the Bank; and I contended that the chief executive of such an institution should not be one of its debtors. Mr. Metcalfe deprecated criticism or opposition on the ground that, having been chosen President, he could not retire before the expiration of the year without prejudice to his interests.

One other point raised afresh by the Directors and Mr. Smith requires attention. The Directors inform you that it is not correct that returns to the Government have been so manipulated as to conceal losses. "These returns," they assert, "have been prepared by the proper officers of the Bank, and are correct." Mr. Smith, also, has "no doubt" that the monthly returns were correctly prepared. Now, returns to the Government, to be trustworthy, should exhibit precisely the position of the Bank's affairs. The statement of assets, for example, should include only those which have a *bona-fide* existence. But the returns of the Royal Canadian Bank have exhibited assets without deducting losses actually experienced. Thus, the indebtedness of men known to be insolvent has been used to swell the volume of reported assets. The President and the Cashier in the conversation of the 17th April, admitted losses to the extent of \$200,000, which amount had not been deducted from the aggregate of assets returned to the Government. My estimate of the losses far exceeds these figures. I know that the losses at one agency, which the President and Cashier put down at \$20,000, really run up to twice that sum; and though other of their representations may not be so far from the truth, I am convinced that they fall considerably short of the reality.

But, says Mr. Smith, "any unbiassed reader will plainly see Mr. McDonald had the remedy in his own hand—in no instance was information withheld from the Board." Undoubtedly certain books are placed on the table when the Directors meet, but their time during the brief sitting is occupied with matters which render personal inspection of the books practically impossible. Nor, were the case otherwise, is it the business of the Directors to institute a scrutiny into the records at every meeting. It is the duty of the President to report to them the true state of affairs; to inform them of new arrangements, and to take their opinion as to matters that are pending or in contemplation. My complaint is that neither the late nor the present President performed this duty—that neither accustomed himself to consult the Board with reference to credits granted or applied for, or even to report losses, until they had become desperate. In short, both of these gentlemen have uniformly acted on the idea that the President may do as he pleases, and that the Directors are entitled only to such information as he may choose to give them.

I have now noticed in detail the various allegations with which the Directors and the late President have attempted to break the force of my criticism on their management. You will agree with me, I think, in the opinion that their denials and so-called explanations amount to little. Not one of my statements have they disproved. They have touched them only to reveal their inability to justify the proceedings exposed. Their allusions to my private affairs are as untrue in their scope and aim as they are mean and malignant in spirit; and I have no apprehension that they will divert your attention from the grave averments contained in my former circular, not one of which have these gentlemen ventured to assail.

Let me remind you of the matters which my assailants have passed in most suggestive silence. I have charged that the Bank has accorded large and unprotected credits to individuals limited in resources and engaged in irregular and hazardous transactions; that of these credits the Board were ignorant, having no opportunity of judging of them at the time and no means of averting their consequences; that the Board have been kept uninformed of all important business; that the President for the time being, has asserted absolute authority, claiming to be sole judge of credits to be given and sole manager of the business; and that the result of this method of managing has been attended with disastrous results. I have charged, also, that the evils of this management have been conspicuous in the affairs of the agencies; that speculative and otherwise improper transactions have been allowed to go on unchecked; that agents have been allowed, on their own responsibility, to make advances to persons of doubtful credit, and to engage in operations which efficient supervision would have rendered impossible; that, as a consequence, serious losses have been experienced by the Bank. Finally, I have alleged that this bad management is worse than a mere error of judgment—worse than bad faith to the Directors, who are supposed to share its responsibilities; that it is a wrong to the shareholders, and calls for their early and effective interference. To these allegations, specific and emphatic as they are, the six gentlemen who have tried to abuse and slander me into silence, offer not one syllable in reply. They pay your discernment the poor compliment of supposing that