siderable trouble before the agitation was laid. They were obliged to make some important concessions to the popular demands at the next expiration of their charters. Since that time the Bankers' Association has been formed. There is less danger of mischievous legislation because the entire weight of the country's banking interests can now be brought to bear concentratedly and almost instantaneously upon anything that is proposed. Also the Government has adopted the practice, which could not lightly be broken, of conferring in advance with the representatives of the banks when any measures affecting their business are to be introduced or supported. Naturally the banks have been anxious to retain and conserve, of their privileges, as many as possible. But in their dealings with the Government, through the medium of their Association, at each successive revision of the Bank Act, they have taken the broad and statesmanlike rather than the narrow and selfish view. Judged by their record, their policy has been to meet every reasonable claim of the public, and to do whatever they could to remove real grievances.

Following out this policy some very considerable concessions have been made, considerable responsibilities shouldered, and many facilities provided. Very few people realize, for example, the extent of the responsibility lying on the individual banks through their common guarantee of the bank note circulation. That was undertaken by them to remove the discontent that arose because of loss and inconvenience suffered by holders of notes of failed banks. Their action was not altogether voluntary—their note issuing privileges were in some danger of curtailment; which danger they averted by agreeing to the guarantee. The Bank Circulation Redemption Fund, in the hands of the Receiver-General, is made up from the deposit by each bank of 5 per cent. of its average circulation. The payments by the banks into this fund are not contributions—merely deposits. The Fund is a liability of the Government's, and the balances at the credit of the respective banks always appear among the items of their assets. The Fund was established to ensure the speedy redemption of the notes of failed banks.

If the curator's announcement of redemption of notes is delayed, the Receiver-General can proceed to pay them out of the Redemption Fund. But the liability of the other banks is not limited by the amount of their deposits in the Fund. The Act says the Treasury officials can call on the banks to restore their balances when they are depleted through the payment of failed banks' notes. The risk run, through this guarantee, might become very real and very great if a bank charter fell into the hands of unprincipled scoundrels. It could never be fully obviated by the powers of inspection of circulation books possessed by the Bankers' Association, though that affords a large measure of protection.

There is scarcely any reason to doubt that the Government will make representations to the bankers about instituting reforms calculated to strengthen the weak points revealed in the Ontario Bank affair. And no reason to doubt that the Bankers' Association will endeavor to provide a workable plan that will restore the published statements of the banks to the place they had in the public estimation before the falsifications of the Yarmouth Bank, and of the Ontario Bank became known. The generally expressed opinion, as reflected in press comments, seems to be that either Government inspection, or audit by independent outside examiners or accountants, would provide the necessary remedy. In one place it was suggested that the Bankers' Association assume the responsibility for the correctness of the bank statements.

The objections to Government inspection are as strong now as ever they were. It would need a whole army of inspectors to cover the operations of the banks at all their branches, and it is not likely that the work would be done as well as it is now. It is pretty certain that the banks would not themselves rely on the inspecting done by the Government officers, and that they would, as heretofore, continue to inspect themselves. So there would be an unnecessary duplication of work and of expense.

So far as the work of inspecting is concerned it is doubtful if any method could be devised more thorough than that which now obtains. The branches are thoroughly examined. So, presumably, are the head-offices. The bank executives probably are well satisfied that they know the real condition of their various institutions. What is wanted is some authority to check up the general managers and directors, some one with authority enough and prestige enough to conduct such an examination into the doings of the executives that his certificate of health would be unquestionably accepted by the people.

It would seem that any new system or improvement should seek to utilize what is estimable in the present practice; it should seek to build, on the present system, a superstructure which would do the necessary work. As a result of the responsibility lying on the banks through their guarantee of the note circulation, the Bankers' Association does its level best to ensure that the note issues of the several banks are conducted properly and safely. If the Association could be induced to assume the responsibility for the correctness of the bank statements, there is no doubt that it would in self-protection, evolve an efficient system of extra examination.

UNRAVELLING ONTARIO BANK TANGLE

The commission enquiring into the failure of the Ontario Bank has been taking the evidence in New York this week of Messrs. Spader & Marshall and other brokers of that city.

It will be recollected that large sums of money appear in the bank books as loans to New York brokers and in the Government returns as current loans outside of Canada, and in this connection brokers all deny the statements that they borrowed money.

When the commission returns to Toronto their story will probably be that New York brokers did not borrow money from the Ontario Bank at Toronto, and that Mr. Charles McGill, the former general manager, had payments made to him by New York financial men with whom he had stockbroking transactions. The commission have compiled a statement of Mr. McGill's accounts, and one of these covers something like sixty pages of foolscap. The accounts will form part of the evidence at his trial.

During the evidence before the commission it transpired that Messrs. Marshall, Spader & Company paid to Mr. McGill either personally or by draft or to the Fourth National Bank in New York on the account of the Ontario Bank for the account of Chas. McGill a sum aggregating $30,000. There were also sums transferred to accounts of V. C. McGill and M. S. McGill and charged to C. McGill. The accounts with the former bank manager were closed by a final payment to the Fourth National Bank at New York of $3,000 on October 15th last. The accounts in the name of V. C. McGill and M. S. McGill were closed out before the final settlement.

An examination of the books of the firm of Donald, Gordon & Co. showed that 600 shares of Amalgamated Copper were bought on margin in May and June, 1901, on an upward market, at prices ranging from 115¼ to 124¼. The stock was held for a rise in price till October, but the market steadily declined and the securities were closed out at 85, or a total loss of nearly $23,000. The Bank of Montreal realized $1,334.18 from the account on December 1st last. Two cheques of $8,000 each came through the Fourth National Bank and two others for $5,000 and $2,850 from Mr. McGill to the broker.

The commission on Thursday obtained proof that Ontario Bank money has been paid out to the accounts of New York brokers at the request of Mr. Charles McGill. The dealings of four firms alone run up [illegible] a million dollars, and these are not all.

The transactions appearing in Mr. McGill's grain account with New York brokers during the year totalled $30,000. The commission returned to Toronto yesterday.

The Sovereign Co-operative Investment Company, Ltd., will apply for the surrender and cancellation of their charter.