

CARNEGIE vs. FEDERAL BANK.

The hearing of the case of Carnegie v. The Federal Bank occupied nearly the whole of yesterday in the Court of Chancery before Mr. Chancellor Boyd. Mr. Moss, Q. C., and Mr. Wm. Roof appeared for the plaintiff, and Mr. Cattanech for the defendants.

The first witness called was the plaintiff, Chas. Carnegie. He stated that early in 1878 he had transferred 209 shares of the Ontario Bank to the Federal Bank.

TO SECURE AN ADVANCE

which the bank had made him. During the currency of the loan the bank had repeatedly sent him accounts in full, as if they held the whole of the stock, and they also called upon him to pay up the margins. After this had gone on for some time the bank had required him to deposit as collateral security for the loan \$2,500 worth of his jewellery. They had always charged interest on the full amount of the loan. In July, 1880, it was represented to him that the stock had been sold at the then market price, and he received an account in full from the bank showing a small balance in his favor. He had not previously been aware that his stock had been disposed of. It was only this year a short time before this action was entered that he had discovered that the bank had been speculating with his stock. He certainly would have made no such settlement as he had made if he had known the facts as to the assumed sale of his stock. He considered that the effect of suddenly placing 300 shares of any stock on the market would be to depreciate its value. He had got back some of the jewellery which he had deposited with the bank, but he had only been able to do so by getting a friend to endorse a note for a large amount. Owing to a change of fashion in jewellery, which had taken place while his stock was in the hands of the bank—American jewellery coming into favor in place of Scotch and English goods—he had been unable to dispose of his goods and had thereby sustained a serious loss. In cross-examination the witness stated that when he first bought Ontario Bank stock he had intended to hold some of it as a permanent investment, but afterwards he may have held it for the purpose of selling. Mr. Strathy had agreed with him in thinking that the stock had been "beared" by one influence and another, and that if he held it would recover, and he was willing to hold the stock even after the security itself had shrunk. Witness had at a certain juncture, when the stock was away down, given Mr. Strathy the option of selling it out and then buying it back again. Mr. Strathy had

NEVER NOTIFIED HIM

of the selling of a single share during the currency of the loan. He had heard that brokers sometimes sub-pledged stock in the way Mr. Strathy had done, but he did not think that Mr. Strathy, as the cashier of a respectable bank, would do such a thing. In re-examination by Mr. Moss, witness stated that the option which he had given Mr. Strathy at a particular time was long before he had written the letter of the 29th of April, 1880, in which he spoke of the bank still holding the stock; he had never received from Mr. Strathy any communication repudiating his (Carnegie's) assumption that they were still holding the stock. The defence called Mr. H. S. Strathy, cashier of the Federal Bank, who said the stock was transferred to him by Carnegie, in trust, in the books of the Ontario Bank; they kept an account for any stock they held for the bank, and Carnegie's was included. At that time banks were allowed to make loans on the stock of other banks, but the law was changed in 1880. Shortly after the loan was made the stock of the Ontario Bank fell so as to leave his bank neither a margin nor sufficient security on the stock itself for the face value of the loan. Mr. Carnegie had only made a few trifling payments—not sufficient to protect the bank. Finally the stock was sold under plaintiff's direction. The real reason why his bank could not carry it any longer was that in July, 1880, the banks were prohibited from making loans on stock. He did not think that considering the Ontario Bank had a capital of \$3,000,000, the placing of so small an amount on the market would depreciate the stock except to a very trifling extent. The bank had never really sold the stock, as they had it under their control during the whole currency of the loan. He had

LENT SOME OF THE STOCK

to Mr. Baines, and the latter had deposited the money instead at the market value of the stock at the time, for which money the bank had allowed him four per cent. Baines was to deliver the stock any moment he (Strathy) wanted it, and get back the money. The bank was prepared during the whole currency of the loan to pay Mr. Carnegie his stock on an hour's notice. The bank made a little profit out of the transaction—probably the difference between four and seven per cent. Carnegie had repeatedly told him he could make any use of the stock he pleased so long as he got it back. The bank charged seven per cent. interest during the whole period of the loan. Carnegie was credited with the dividends, which he believed balanced the interest and a little more. No obstacle had been put in the way of Carnegie's realizing on his jewellery, and he would have been allowed to withdraw it by paying small sums. In cross-examination by Mr. Moss, he said the loan was a "straight" one, made on the security of the stock, and the intention was when it was repaid that Carnegie should receive back the stock. The lending of the stock to Baines was not in any way communicated to Carnegie, nor were the two transactions brought together in any way. The books show that on the 16th of July his bank held no Ontario Bank stock at all. Previously they had had as high as 589 shares, which was held either as security for loans or lent to others, as had been done in this case. When brokers wanted some stock of a certain bank they would come to him for it, and he presumed they wanted it to carry out a sale. He

presumed Mr. Baines' object in getting the stock was to deal with it. That was part of their business; he did not know that it could be

CALLED A "GAME."

This was done every day in Montreal when he was a broker. Being asked if he considered this use of securities in the hands of a bank to be legitimate banking, he replied that that was a matter of opinion but they did not do it now. If the stock was lent and sold when it was at par, and recalled two weeks afterwards when it was at 80, they would make 20 per cent. on the transaction. He did not think the owners of the stock should get the benefit of any such transaction, as they took no risks. Carnegie had given him permission verbally to deal with the stock, but the only authority in writing was by the letter of September 16, 1879. Witness had not taken any advantage of the verbal authority. When there was no Ontario stock in the bank, dividends were paid to him by the firms who borrowed the stock, and then it was placed to the credit of the loan. He had not told Mr. Carnegie of that arrangement. It was possible that while they were receiving interest on the loan, the principal money might

ACTUALLY BE IN THEIR POSSESSION

under the arrangement he had described. In case the stock was sold the delivery would be made by the person who had borrowed it. Mr. H. L. Hime and Mr. H. R. Forbes, stockbrokers, were called and gave evidence as to the price of Ontario Bank stocks during the transactions in question. Plaintiff was then recalled and positively denied giving Mr. Strathy any authority to deal with the stock as he liked. There was no reason to do so, as he was paying interest and satisfying the bank from time to time. The only jewellery he had withdrawn were two or three small articles for customers who would [not?] wait for them. Arguments were then heard by Mr. Moss and Mr. Roof for plaintiff, and Mr. Cattanech for defendants, after which the Chancellor reserved judgment.—*Toronto Globe.*

THE LATE LADY ROSE.

The cable announced on Wednesday the death of Lady Rose, wife of Sir John Rose, at Queen's Gate, Kensington, England. The deceased lady was the daughter of Robert Emmett Temple, Esq., of Rutland, Vermont, who held the position of Pension Agent of the U. S. Government for the Revolutionary War. He was a gentleman of distinguished appearance and elegant manners, and had brought up his daughters in all the courtly graces and accomplishments which marked the higher classes at the beginning of this century, being particularly careful in their education, and training them in the conversational art, which was so much affected at a period not so prolific in literature and journals as the present. The young ladies paid a visit to Montreal, and were eventually married to Montreal gentlemen, the subject of this obituary being united with Mr. Robert Sweeney, a Protestant Irishman, who at that time held the position of inspector of pot ashes and was a partner of Colonel Dyde. Her sister married Mr. Chapman. The Sweeneys moved much in military circles, and Mrs. Sweeney, from her fascinating manner and *savoir faire*, became a general favorite. An unfortunate affair took place which caused much comment in fashionable circles in those early days. Major Ward of the 1st Royals, was an intimate friend and companion of Mr. Sweeney, and one afternoon the two friends strolled up town together. That evening Mr. Sweeney had friends to dinner, and during the repast, a note was brought into Mrs. Sweeney, which she immediately handed to her husband. He jumped from the table and proceeded to the mess rooms of the 1st Royals. Major Ward, hearing Mr. Sweeney's voice, called out to him to come in and have a glass of wine. This was sternly refused, and on the Major making his appearance, Mr. Sweeney handed him a note with the demand. "Did you write this, sir?" Major Ward took the missive, and after glancing at it contemptuously, tore it into fragments. Hot words ensued, an insult was given, a challenge sent and accepted, and about sunrise next morning, the two friends who had left Colonel Dyde in a very friendly mood the night before, stood confronting each other with pointed pistols at the St. Pierre Race Course on the Lachine road. Mr. Sweeney's second was Lieut. Painter, of the Royal Artillery, and Captain Mayne acted as second to Major Ward. The word was given and Mr. Sweeney who was an accomplished duellist, having had several affairs before, shot his antagonist through the heart before the latter had time to explode his weapon. He and his wife retired to the States until, at the request of the officers of Major Ward's regiment, *nolle prosequi* was entered, and he was allowed to return—to find that the letter was the heedless practical joke of a flighty girl who imitated Major Ward's hand writing. The circumstance so preyed on Mr. Sweeney's mind, that he died literally broken-hearted a short time afterwards. His young widow, with her son, then went to board at a house on Victoria Square, now occupied by Armstrong, the undertaker, and there she met Mr. John Rose, a youth from Huntingdon, who was studying law in the office of Judge Day. A mutual attachment between the fascinating, accomplished widow and the talented young law student ensued, and shortly after his admission to the bar they were married. Her wonderful tact and suavity in mode, made her a leader in society, where she was ever on the alert to advance her husband's interests. Like Lady Beaconsfield, she was the mainspring of Sir John Rose's success, and her diplomacy and ambition, spurred her husband on to higher aims, which made him one of the foremost Canadians of his time, and what Josephine was to Napoleon, in an imperial sphere, Lady Rose was to her husband in a less exalted circle.

COMMERCIAL VULTURES.

MONTREAL, Nov. 3.—It is perfectly lamentable to listen to the history of the cause of so many failures here among manufacturers and general dealers who enter business on limited capital. The prime reason for such suspensions as take place almost weekly or daily in some seasons is attributable to the extortionate rates which are forced out of them by the numerous ravenous wolves who are known here as bill brokers and discounters. As a rule, men in all kinds of industries or commercial traffic soon after getting into business launch out beyond their means, and give far more extensive credit to their customers than their legitimate capital or credit warrants. In a short time they overrun their limits in the banks, and then there is no recourse but to apply to the broker or discounter for temporary accommodation, whose pursuit of wealth is based on an elastic conscience, as facts prove, which dictates to him the necessity of bleeding his clients for all that he can take out of them by hook or crook. The first step is to arrange for the collaterals, which are to be deposited with the notes as security. These are invariably goods of double, or more often treble, the value of the amount subsequently advanced. The next topic is the rate of discount, which I have learned from a good many business men in the city who have come to grief by the burthen they imposed upon their legitimate trade by accepting loans in this way is seldom or never less than eighteen per cent., and the first thing the discounter does is to retain the interest for the full period of time, although he charged on the maximum before he transfers on the net amount. But this is not all the extortion enforced, for there is a commission charged besides, which averages also five per cent., sometimes a great deal more, and seldom, I am assured, less. Of course this system, once begun, increases as time progresses, and naturally ends by eating up everything, and when the inevitable crisis arrives the legitimate creditors are fleeced, or the next to it. They are offered ten cents on the dollar, as has been frequently the case here lately by cigar manufacturers and others, whilst the note discounter gets far more than his advances, including interest and commission, by realizing on the goods he has on lien.—*Mail Montreal Correspondence.*

THE WORLD'S SHIPPING.

Some interesting statistics have been prepared by a shipping journal at Marseilles, the *Semaphore*, as to the shipping trade of the world. According to this return, Great Britain possesses 17,875 sailing vessels, with a total burden of 5,271,160 tons; the United States, 6,214 with a total burden (including lake and river tonnage) of 2,000,218 tons; Norway, 4,003, with a total burden of 1,366,941 tons; Italy, 3,084, with a total burden of 915,019 tons; Germany, 2,614 with a total burden of 891,558 tons; Russia, 2,434, with a total burden of 452,316 tons; and France, 2,131, with a total burden of 468,272 tons. The countries which come next in order of importance are Sweden, Greece, Holland, Spain, Austria-Hungary, Denmark, Portugal, Turkey, and Belgium. Altogether there are 48,704 sailing vessels, with a total burden of 13,647,377 tons, showing a diminution within the last five years of 959 vessels and of 155,723 tons burden. Twenty-nine nations are classed as owning steamers, Great Britain having more than half of the whole number and two-thirds of the total tonnage. The number of steamers is given as being 7,764, with a gross burthen of 9,232,006 tons, and a nett burthen of 6,037,164 tons, Great Britain owning 4,649, with a nett tonnage of 3,822,708; France comes second with 458 steamers, of 444,265 tons nett; the United States third, with 422 steamers, of 374,314 tons nett; and Germany fourth, with 420 steamers, of 345,103 tons nett. Next in order of importance comes Spain, Italy, Holland, Russia, Austria-Hungary, Norway, Sweden, Greece, Egypt, Portugal, and Turkey. The increase in the number of steamers within the last five years has been 1,867, with 3,052,161 gross, and 2,015,295 nett tonnage. Putting steamers and sailing vessels together, the total is 56,468, with a total burthen close upon 23,000,000 tons.

ADVENTURES OF A BANK BOOK.—In 1872, Henry Vail, a farmer of West Chester County, N. Y., was convicted of theft and sent to Sing Sing. He died in prison three years later. Afterwards his wife, Phoebe H. Vail, sold out the farm, upon which was a haystack. The purchaser of the haystack, in moving it, found hidden away a small piece of stovepipe flattened together, inside which was a bank book of the Third Avenue Savings Bank, showing a credit of \$2,909 to Henry Seaman. The book was retained by the finder until after the death of Mr. Vail, when it came into the hands of the widow. She claimed that Henry Seaman and her husband were the same persons, and applied to the Receiver (the bank having failed in the meantime) for a dividend upon the deposit. This was not granted her, and she obtained from the court an order to compel the payment of the dividend. The case went to a Referee for trial, who decided against the widow. The court affirmed that decision, and from that an appeal was taken to the General Term.

THE BATTLE OF THE BONDS.—A suit for \$800,000 has been instituted in the Superior Court here against ex-Governor Hendee, of Vermont, the receiver of the St. Albans Bank, by the trustees of the South-Eastern Railway. The sum claimed represents bonds of the Montreal, Portland and Boston Railway, which, it is alleged, belong to the South Eastern and were deposited with the Bank for safe keeping.

THE WORD "TON."—The U. S. Treasury Department has decided that the word "ton," wherever used in the Tariff acts, should be construed to be the ton avoirdupois—that is 2,240 pounds.