

**Dereliction
of Directors**

But one of the most audacious acts on the part of a monopoly and the greatest breach of trust on the part of a board of directors that has ever been known in Canada was perpetrated when the management of the Sovereign Bank, in collusion with some thirteen other banks, declared the latter insolvent and drew up an agreement by which all that was of any value in the condemned institution was transferred to these thirteen banks, with no consideration whatever for the business or good-will of the strangled institution. The shareholders of the Ontario Bank fared better than this. For a business little more than three-fourths the size of the Sovereign Bank's they received the paltry sum of \$150,000. Some of the parties to this transaction have received more than this amount as their fee for bringing into existence a new industrial or traction company, and in several instances more than half this amount has been paid them for the flotation of a Cobalt company. But the money, which had been provided by the shareholders of the Sovereign Bank to build up an institution until it had over twenty million dollars of assets and over eighty branches, was sacrificed by collusion between an untrustworthy directorate and a grasping monopoly before the shareholders had an opportunity of passing upon it or even knowing of it. Not only so, but the banks to which these spoils were given were allowed six months in which to examine their gifts, and if in that time they discovered in them anything that might carry a liability, they had the privilege of charging back this liability to be paid by the helpless shareholders. The banks seemed to have acted upon this agreement at once, although the Bank Act requires that such an agreement "shall not have any force or effect" until it has been ratified by a two-thirds vote of the shareholders at an annual or special meeting called for the purpose and further approved by the Governor in Council. A meeting of the shareholders was not called until nearly two months afterwards. In the meantime a supplementary agreement was made by which the number of trustees mentioned in the former agreement was reduced from three to one, viz., the curator of the Canadian Bankers' Association. So little did the management consider the shareholders' rights in this matter that at the special meeting which was afterwards called they did not consider it necessary to read the whole agreement until the shareholders insisted on them doing so.

**The
Sacrifice of
Sovereign
Bank's
Assets****The Law
Disregarded****The Finance
Minister's
Indifference**

All this was done apparently without the Finance Minister taking any concern whatever about it or attempting to see that the law was being complied with, the writer does not know of another country in which a shareholders' meeting of a defunct bank would be held without there being present at the meeting a representative of the Government. But such events as these seem to give our Government and Finance Minister little concern. The writer some time ago made application to the Finance Minister's Department for some figures and information concerning the banks that have failed during the last seven or eight years and was informed that no records whatever of the winding-up proceeding had been kept by the Government. He was referred to the Secretary of the Canadian Bankers' Association, who, needless to say, would give no information whatever. Judging from the manner in which the Finance Minister has acted in regard to the many bank failures that have occurred during his regime, there is no hope of the shareholders getting any assistance from or redress through him against the banking monopoly which he has created. Their only hope lies in an appeal to the Provincial Department of Justice.

**Investiga-
tion Burked**

At the meeting of the shareholders of the Sovereign Bank above mentioned a motion was submitted asking for a Government investigation into the cause of the failure of the bank and the manner in which its assets had been transferred to the other banks. But the President refused to put the motion. After the meeting he admitted that he held