

ONTARIO BANK COLLAPSE.

President and General Manager Prosecuted by the Canadian Bankers' Association.

The Ontario Bank has come to grief; and yesterday President Cockburn and ex-General Manager McGill, answered charges in Toronto police court of wilfully signing false statements. The Bank of Montreal, backed by other banks' guarantee up to \$2,500,000, in proportion to their capital, and after the shareholders' double liability has been exhausted, has taken over the liabilities of the Ontario Bank, the affairs of which are being administered by a curator and advisory board, appointed by the Canadian Bankers' Association, as provided by the Act of Parliament of 1900. The Bank of Montreal is to pay \$50,000 for the goodwill of the business. According to President Cockburn the whole trouble has been caused by the manager's speculation with the bank funds. Losses through speculation are admitted by Mr. McGill; but he says it was "in the interests of the bank," and that he received little help from the directors since he took hold of a bad situation eleven years ago.

That is the story of as miserable a fiasco as contemporary Canadian history affords. It has been amplified by the daily newspapers, but with a temperance, and occasionally a reserve, that have elicited praise from those who were handling the situation with a view to keeping public nervousness within small limits.

Project of Amalgamation.

The Ontario Bank was approached by the Royal Bank with a view to purchase. The consequent enquiry into its position led to the discovery of the losses, which meant that the capital was gone. The Bank of Montreal was invited to deal with the position. Some of the bank's stock was vainly offered on the Toronto Exchange last Friday afternoon, albeit the price was marked down ten points. During Friday night a meeting of Toronto general managers was held, and the Bank of Montreal was offered the guarantee of the other banks, if it took over the liabilities of the distressed institution. Announcement that this would be done was made in Saturday morning's newspapers.

The documents vital to this arrangement were signed shortly before ten o'clock on Saturday morning, and the offices of the Ontario Bank were, as far as it was necessary, financed by the Bank of Montreal to meet any possible rush by disturbed depositors. There was a minimum of excitement, and little effect was produced on the Toronto Exchange by the news.

Mr. A. D. Braithwaite, Toronto manager of the Bank of Montreal, became general manager of the Ontario Bank, and on Monday Mr. Stavert, also of the Bank of Montreal, was appointed curator, and Mr. Byron E. Walker, general manager of the Canadian Bank of Commerce, Mr. Duncan Coulson, general manager of the Bank of Toronto, and Mr. D. R. Wilkie, president of the Imperial Bank, was appointed an advisory board by the Canadian Bankers' Association under the Act of Parliament of 1900, which incorporated that body as a sort of executive agent of the Dominion Government in cases of emergency, such as that which has arisen.

Prosecution Begins.

On Wednesday, the Association, acting in friendly concert with the Dominion and Ontario Governments instituted the prosecution of the president and late general manager. Mr. McGill was arrested and released the same night on \$25,000 bail.

Yesterday the cases were called in court. The charge against Mr. McGill was of unlawfully making statements and returns to the Minister of Finance, and the Receiver-General, known by him to be false, in regard to current loans to the extent of \$1,000,000, with the intent to deceive the shareholders and creditors.

The charge against Mr. Cockburn was merely of signing false statements in 1905-6.

Both cases were adjourned for a week without evidence being submitted.

Mr. E. F. B. Johnston, counsel of Mr. McGill, warns newspapers against commenting on the case.

It is understood that investigation has shown that Mr. McGill's speculations began in 1903, when he purchased speculative securities in United States in the hope of a rise. To cover up this diversion of moneys he inflated the "current loans" on the monthly statement, adding to the current loans made by various branches the exact amount of the American investments which were to be concealed.

The amount at first used in this way was \$200,000. It reached \$1,416,857, which, instead of being out on current loans at all, was in the hands of brokers.

Payments of quarterly instead of half-yearly dividends by the R. and O. Navigation Company was opposed by some of the directors who thought it unwise for the staff to be bothered with dividend matters in the height of the navigation season.

BANK RATE CAUSES SLUMP.

The stock exchanges throughout the world were surprised yesterday (Friday) morning by the announcement that the Bank of England had increased its rate of discount to 6 per cent., and more so because the increase was not made on Thursday, the usual day for such changes.

This, together with the fact that the rate was raised from 4 to 5 per cent. only a short time ago caused a rapid decline in all the stock markets. Consols for money declined to 85½, and other gilt-edged securities dropped in sympathy, the London Exchange being as completely surprised as Paris, New York, Montreal or Toronto. New York market was full of disquieting rumors; the opening was marked with confusion and a sharp break up and decline of prices.

Toronto exchange bore up well against the bank's action, and the list held pretty strongly, C.P.R., Twin City, Toronto Railway, and Mexican being in the small list of declines.

The probability of a renewal of demands for gold, owing to the relapse in American exchange and the likelihood of large withdrawals of the metal for Egypt were the main causes of the Bank of England's action.

STOCK EXCHANGE THIS WEEK.

Monetary Times Office, Oct. 18th.

Comparative dullness has been evident in the security markets for some days past, partly owing to disappointments concerning dividend increases, or delay in the announcement of the future plans of railroad and other companies. These alone, in ordinary circumstances, would not be sufficient to disturb the speculative and investing public. But the political conditions in New York add to the general "waiting" tone of the world of finance, and it is felt also that some measure of liquidation is necessary before things generally can assume a healthy tone. Recent trading has been more of a liquidating character, and the market is beginning to assume a harder appearance. Mining stocks have continued to occupy a great deal of attention, and Nipissing rose on Wednesday ¾ points above its record of 25. Other stocks have also been showing up well, and the announcement of three mining dividends tends to higher figures yet.

The outlook on the Canadian exchanges is generally regarded as bright. The Ontario Bank episode has practically ceased to be a depressing factor. That Canadian securities had not appreciated beyond a normal investment level is regarded with extreme satisfaction.

Saturday, October 13th.—The closing Toronto prices to-day were the lowest of the week, and the uneasiness was doubtless accounted for by the downfall of the Ontario Bank, which was withdrawn from the official exchange list this morning. Many bank shares declined, Imperial dropping 2½ points; Hamilton, 3; Nova Scotia, 1; Metropolitan, 1; Commerce, 2; Dominion, ½; and Standard, 6. The statement that the Bank of Montreal had taken over the Ontario Bank's affairs had a strengthening effect on the Montreal Exchange, and the market showed up pretty strong at the close.

Monday.—Considerable activity marked the local securities to-day, though the general feeling was unsettled. Prices ruled lower with few exceptions. C. P. R. sold an odd lot at 179½. Four shares of Toronto Railway changed hands at 118, and Twin City was bought at 112 and 12½. Mackay sold at 70½ to 70, and General Electric at 135 down to 134, closing at 134½. The general tone at Montreal was weak and the market was quiet. Disappointment over the terms of the new stock issue caused Montreal Street to decline sharply from 276 to 273.

Tuesday.—The market was quiet, but the tone firmer, and advances were noted in most securities. Sao Paulo sold up 2 points from 130 to 132, and Twin City was disposed of at 112 to 112½. General Electric, with sales at 135, was ½ higher. Richlieu opened at 86, an advance of 2 points, but later dropped back to 84. Bank shares were steady and several institutions made sales. Standard sold at 233; Imperial at 231½ to 231¾; Traders, 140; and Dominion 260.

Wednesday.—There were no important changes, although business generally was a little brisker. Canadian Pacific rose, with sales at 180½ and 180¾. Twin City sold at 112½ and 112½. Toronto Railway at 117½ and 117, and Sao Paulo at 132½ and 132. General Electric was the most active stock, with sales at 134½, closing at 134, a drop of one point for the day. Metropolitan Bank dropped two points, otherwise banks were strong. Bond business amounted to \$47,000. Rio, selling at 76 to 76½; Mexican L. and P., 78; Mexican Electric, 75½; and Sao Paulo, 95½ and 95¾.

Thursday.—Thanksgiving Day was observed on both Exchanges.

Friday.—Toronto market was pretty firm in face of the Bank of England's action, reported elsewhere. C. P. R. sold at 177½.

October 20, 1906.

BANKING AND FINANCE.

The Royal Bank has opened

Ont. The Bank of Toronto has opened

Ont. The Merchants Bank are planning

premises at Vancouver.

A branch of the Union Bank has

End, Saskatoon, Sask.

The Home Bank has opened a

corner of Queen and Bathurst Street

The Kingston, Ont., branch of

opened for business on Tuesday.

It is stated the Bank of Mont

premises in the heart of Winnipeg

The Sovereign Bank has opened

at Bredin, Ont., with Mr. L. E. T.

Branches of the Union Bank

opened at Blairmore, Alta.; Bowden

Alta.

The Bank of Ottawa stock, rece

sold at an average of a little over

price is regarded as very satisfactory

Le Roi Two has declared an

shillings a share, payable on Octo

total of eight shillings a share, paid

A branch of the United Em

been opened at Picton, Ont., under

A. Leslie.

Arrangements will shortly be

the transfer office of the Silver Lea

New York to Toronto.

The Bank of Nova Scotia has

Portage Avenue, Winnipeg, corner

or \$1,840 per foot, and will erect a

The Royal Bank will open its

few days, as will also the Imperial

a total of seven banks for this rapid

The final report of the assign

the Canada Biscuit Company, the

of which failed, shows that 51 per

creditors on their claims.

The North British Development

was incorporated last week with a

organizers include the names of

talists, including Sir H. M. Allan

There will be an early issue

perpetual debenture stock of the C

Railway Company, guaranteed by

Railway Company. The issue price

The September statement of

which will shortly be issued, will

results of the first quarter, that

between 16 to 17 per cent. on its co

The Dominion of Canada 4

\$2,500,000, due on November 1st,

on that date by the Bank of Mon

and stock certificates must be left

real, 46-47 Threadneedle Street, E

The failure of J. M. Ceballos &

as a great surprise in financial ci

house was regarded as the most

banker in the Cuban-American

Cuban business will be damaging

The steadily increasing busin

Imperial Bank of Canada, is the

The New York Mercantile and

bank recently increased its capital

000, and now has total assets in e

The Laurentide Pulp Company

year, after interest charges and

\$271,845. The sum of \$20,000 w

tion, leaving \$71,845 to be carried

7 per cent. on the common and

ence were paid.

Notice has been issued, statin

meeting of the Montreal Street

increase of the capital stock by t

par value of \$2,000,000, and the

a premium of 75 per centum o

considered. On the opening of t

ember next the par value of the s

of \$50 par value as at present: t

two shares of \$50 par value will

par value, and so on.

The net profits of Ogilvie Flow

during the past year from \$472,230

pany keeps its best account of

nounces that it met the heavy los

by the appropriation of \$150,000