

APPENDIX No. 3

just about a year more, so you find the figures for some of the items a little higher. That is certified to by H. Bourassa, manager of the institution. (Filed as Exhibit No. 4).

In answer direct to the question put to me just now, I would like to refer to the duties of the board of administration. Some questions in this regard were put to me at the last meeting and perhaps a little more information upon those duties may be useful. If I am allowed I will give the information in a very few minutes. The board of administration is the general executive board of the association but the business is divided, so far as the loans are concerned, and put under the direction of a special board. Those duties are well set out in our by-laws. One of the duties of the board of administration is to fix the interest to be paid, because leaving that very delicate question to the general meeting might result in having to meet very strong difficulties. For instance there might be a certain number of members who would like to see the interest very high, while those that expect to borrow would like the interest to be very low. So it was thought, as in these associations elsewhere, that it would be better to put that power in the hands of a board which would escape almost all the pressure that might be brought to bear with those ideas in view. Now, the other duties are of a supervising nature. In all matters where some difficulty is likely to arise, about the board of credit for instance, the board of administration is made a court of appeal almost, to decide. Very many of the particular by-laws of the association it is well to look after. Now the board of credit is one of the very useful boards because it has the management of the funds, so far as the loans are concerned. Those loans can be made only to members; that must be perfectly and clearly understood. The maximum amounts of the loans are fixed every year at the general meeting of the association—that is one member cannot borrow or cannot owe more than the sum so fixed at the general meeting. The members of the board of credit are not allowed to borrow themselves. None of them can borrow, either directly or indirectly, from the association.

By the Chairman:

Q. Even if they have funds?—A. Even if they have funds. We were afraid of the abuses that might arise, having to decide themselves what kind of credit should be theirs, and to what amount borrowing should be allowed. Unfortunately I could, if allowed, quote some instances that we have had in our banks where the directors have been permitted to borrow and very often, perhaps, a little more than would have been allowed in the case of somebody else. We thought it was the best way to absolutely prohibit borrowing on the part of those that would have the borrowing matter in their own hands. Members of the board of supervision are assimilated to those of the board of credit, so far as that is concerned, because the board of supervision if allowed to borrow might, in collusion with the members of the board of credit, say, 'Let me have that sum and anything that is going on in the matter of credit we will shut out eyes to.' In order to insure perfect independence we have assimilated their position to that of the board of credit, that is that they cannot borrow themselves. Let me repeat: the three supervisors of the society have no right to borrow and the five members belonging to the board of credit are debarred from the privilege of borrowing as well. That was done in order to insure a better administration of the funds and to remove any possible danger whatever that the members would show too much generosity towards themselves at the expense of the funds of the association. But of course the members of the board of administration, having nothing to do with the borrowing of money, are allowed to borrow.

By Mr. Bourassa:

Q. Those having nothing to do with the control of the funds?—A. Nothing to do with the control of the funds.

Q. Or with the decision as to the solvency of all borrowers?—A. Yes. Nothing whatever to do except in the case that I am going to mention. The board of credit