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"CHAMBLEY CANTON, 3rd July, 1879.

THE HON. SIR F. HINCKES, K.C.M.G.,  
President of the Consolidated Bank of Canada.

DEAR SIR FRANCIS,

I beg to tender my resignation as General Manager, and to request the favor of its acceptance at the earliest date consistent with the interests of the Bank. So long as I am in the service I shall give my best efforts to assist the Board generally in placing the affairs of the Bank in a better position, and I shall cordially work with any members who may be appointed a Committee to report on Securities.

With reference to the losses which appear now to be inevitable on some of the Montreal accounts, while I admit that my first estimate of what might require to be provided for out of the "Surplus" (as mentioned to Mr. Pridham) has, in consequence of recent unexpected developments, been found quite inadequate, I must respectfully protest against the estimates which, I bear, have been accepted by the Board. In these, the losses are, in my opinion, greatly exaggerated, and I am confident that an examination of the Securities by a Committee will bear out my opinion.

While during the last fortnight it has been very clear to me that my connection with the Bank could not long continue with any satisfaction to myself, the recent action of the Board in some matters, in which, as General Manager, I should have been consulted, has shown me that I am practically superseded, and has obliged me to ask to be relieved from a responsibility which is no longer accompanied with any power.

I am, Yours faithfully,  
(Signed,) J. B. RENNY."

EXTRACT from the Minutes of a Meeting of the Board of Directors, held on the Seventh day of July, 1879.

"With reference to the letter of Mr. Renny, late General Manager, dated 3rd July, 1879, tendering his resignation, I desire in justice to myself and my co-directors who were in office prior to the last Annual Meeting, to place on record my opinion of that portion of his letter which relates to the losses which appear to be inevitable. Before doing so I may observe that up to a very recent period I had the most implicit confidence, as well in the integrity as in the good judgment of Mr. Renny. My confidence was first seriously shaken during the interval between the preparation of the statement of the affairs of the Bank and the Annual Meeting. On getting that statement I required from Mr. Pridham, the Acting Inspector and late chief accountant, a detailed statement of \$6,820,317.01 in the assets, I found to my amazement that the overdrawn accounts in Montreal amounted to no less than \$615,702.44, and I required a statement of these accounts, which when obtained made it clear to my mind that there had been systematic concealment of most important transactions from the Board of Directors. The Board had required that at every meeting a statement should be laid before the directors exhibiting the liabilities of those customers of the Bank which amounted to \$100,000 and upwards, together with their overdrafts. Such statements were laid before the Board, but I found that some were omitted and others incorrectly stated, and, in short, that the General Manager had systematically concealed from the Board the state of several large accounts. The liability ledger which was from time to time examined by the Board, and from which the statements of liabilities were made, was so kept as to render it impossible for the Board to form any idea as to the aggregate liabilities of the customers. But, without going into details, I simply wish to place on record that to Mr. Renny's systematic concealment from the President and directors of his operations is to be attributed those losses which he admits in his letter to be inevitable. The heaviest of those losses will be incurred from an account, the liabilities on which Mr. Renny himself has acknowledged are very much greater than he himself had any idea of. There is a very simple

answer to Mr. Renny's protests against the estimates of losses which he states have been accepted by the Board. No such estimates have been laid before the Board, and without much more information than Mr. Renny has yet communicated, it is not possible to arrive at any satisfactory estimates. It seems to me that if Mr. Renny's letter were to be received without remark the late Board of Directors might be held responsible to a far greater extent than they ought to be in strict fairness. They cannot escape the responsibility of having placed a much greater degree of confidence in Mr. Renny's judgment and in his candour than they ought to have done, judging from recent disclosures, but beyond that they must in justice to themselves object to any responsibility. I am unaware of the meaning of the expression in Mr. Renny's letter "recent unexpected developments." I know of no recent developments except the enlightenment of the Directors and myself as to the transactions which Mr. Renny has kept exclusively to himself, and to a clerk in his confidence, during a considerable period of time.

"(Signed), "F. HINCKES, President."

"Having submitted the foregoing memorandum to the Directors who were in office last year they unanimously concurred in it.

"(Signed), "F. HINCKES, President."

PROFIT AND LOSS STATEMENT, 31ST AUGUST, 1879.

Balance at debit profit and loss account, 10th May, 1879.....	\$ 450,892 53
Interest paid.....	49,582 65
Interest reserved.....	20,876 43
Reduction in bank premises.....	35,000 00
Appropriation for losses ascertained and for further depreciation in securities.....	1,943,625 53
	\$2,489,977 14

<i>Deduct:</i>	
Forty per cent. transferred 1st July, 1879, from capital stock subscribed.....	\$1,394,600 00
Profits for term ending 31st August, 1879, after deducting expenses of management.....	27,050 21
	\$1,421,650 21

Deficiency.....	1,068,326 93
	\$2,489,977 14

Capital paid up.....	2,080,920 00
<i>Deduct:</i>	
Deficiency as above.....	1,068,326 93
	\$1,012,593 07

GENERAL STATEMENT 31ST AUGUST, 1879.

<i>Liabilities.</i>	
Capital stock paid up.....	\$2,080,920 00
Interest reserved.....	\$20,876 43
Unclaimed dividends.....	6,614 51
	27,490 94
Notes in circulation.....	527,039 00
Public deposits, on demand.....	585,565 02
Public deposits, after notice.....	153,100 73
	738,665 75
Provincial Government deposits, on demand..	53,294 46
Provincial Government deposits, after notice.	50,000 00
	103,294 46
Dominion Government deposits, on demand..	171,950 42
Foreign agents, United Kingdom.....	243,299 74
Contingent fund to provide for possible losses.....	182,869 39
	\$4,085,529 70

<i>Assets.</i>	
Gold and silver coin..\$	16,765 32
Dominion notes.....	13,159 00
Note and cheques of their banks.....	17,374 61
	\$ 47,298 93

Balances due from other banks in Canada.....	112,673 08
Balances due from foreign agents, United States.....	10,643 93
	123,317 01
Government debentures. Notes discounted, current.....	1,818,763 19
Loans to corporations.	329,732 99
Loans on capital stock of other banks.....	692 64
Notes overdue and not specially secured....	272,253 53
Notes overdue, secured by mortgages or other securities.....	84,102 27
Real estate the property of the Bank (other than Bank premises) and mortgages on real estate sold by the Bank.....	150,433 67
	2,655,978 29
Bank premises.....	120,041 88
	3,017,292 77
At debit of profit and loss account.....	1,068,326 7
	\$4,085,529 930

Mr. C. H. Wethey, the assistant manager, having been proposed as secretary of the meeting, some of the lady shareholders loudly objected, and a knot of gentlemen, led by J. H. Joseph, as strongly objected to Sir Francis Hincks as chairman. These details having been settled amid loud cries of assent and dissent, Sir Francis explaining that it was the custom at bank meetings to consider the president chairman, and that the mere fact of Mr. Wethey's being an officer of the bank did not prejudice him in his duties as secretary of the meeting, Mr. J. H. Joseph moved that to complete the organization of the meeting, G. W. Simpson and E. L. Bond act as scrutineers. Sir Francis objected to the naming of two gentlemen who held very opposite views to the management, that they would accept the name of Mr. G. W. Simpson, and moved in amendment to substitute the name of Mr. Andrew Robertson for that of Mr. E. L. Bond. Amid loud cries of "yes" and "no," Sir Francis said it was desirable to avoid the delay of a ballot, when a shareholder moved in amendment that all three names mentioned be accepted.—Carried.

At this stage of the proceedings every inch of standing room was filled, and anxious shareholders still came on crowding the passages leading to the president's room; windows were opened, but it soon became evident that more room was required. Several voices in the corridors called out "adjourn to the Mechanics' Hall," while those comfortably seated objected to the expense, but these soon found themselves in a minority and the meeting accordingly dispersed to meet at the Mechanics' Hall at 12.30.

AT THE MECHANICS' HALL.

Sir Francis Hincks having explained the object of the meeting as stated in the advertisement, said it had been called at the earliest date possible, according to the law, which compelled long notice to be given in such cases. Shortly after the announcement a meeting was organized by a certain number of Montreal shareholders and of that meeting, or what number of shareholders were represented, he could assure them that to-day the Directors had no absolute knowledge. They have no reason to believe that it represented a majority of the shareholders, as it was informal; yet, notwithstanding that, they could say without fear of contradiction, that the Board of Directors acted towards the gentlemen who came forward as representing the shareholders at the meeting in the frankest and fairest spirit. The advisory committee appointed, had free access to the books of the Bank, and no effort was made to conceal anything from them. By appointment, they met the Board of Directors who attached