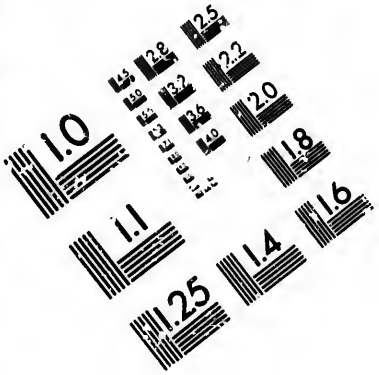

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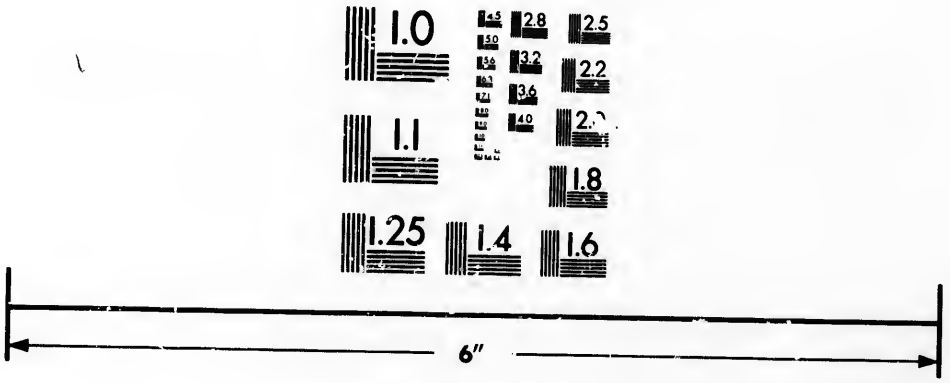

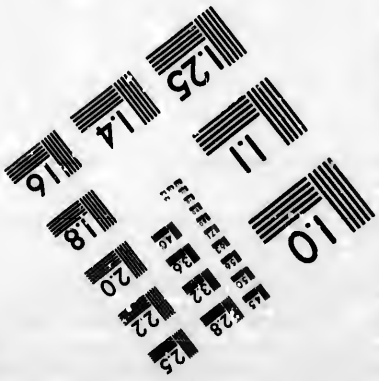

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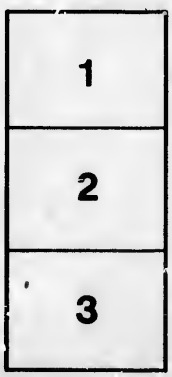

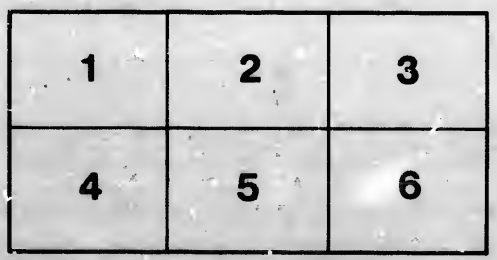

MEMORANDUM

ON THE

BILL RESPECTING

Banks and Banking

NOW BEFORE PARLIAMENT.

— BY —

FRANK WEIR, B.C.L.,

ADVOCATE,

AUTHOR OF THE LAW AND PRACTICE OF BANKING CORPORATIONS UNDER DOMINION ACTS.

MONTREAL:

1890.

COMMENTS OF THE PRESS

—ON—

Weir's Law & Practice of Banking

It is a work which will be very useful to bankers and merchants, for whose use it is more especially adapted. The volume is well put together and of convenient form, and has not appeared too soon upon the book stalls.—*Toronto Monetary Times.*

It is worthy of being at the hand of every bank director, cashier, accountant and merchant, as well as commercial lawyer. The author is evidently qualified from education and practical experience in dealing with the subject of banking law, and his work bears evidence of careful and laborious study.—*Toronto World.*

The work itself shows an intimate knowledge of the whole science and system of banking, and we welcome it as a valuable *vade mecum* of the laws bearing on the subject. In recommending it to bankers and merchants as a desirable work to possess, we consider we are doing them a good service.—*The Shareholder, Montreal.*

The author's aim, as stated by himself, has been "to present a clear exposition of those general principles of banking law, with which every bank director, manager and officer should be fully acquainted," and he has succeeded admirably in doing so. Mr. Weir's book will prove most useful, not only to bankers and merchants, but all professional men.—*The Toronto Mail.*

An exceedingly useful text book on the subject of banking, compiled by an author peculiarly well fitted to undertake and creditably discharge such an important task. * * The result is an exceptionally luminous exposition of a subject which ordinarily presents no small amount of difficulty. * * There is hardly a point, however minute, relating to the law and practice of banking on which the author has not shed a clear and valuable light.—*The Empire, Toronto.*

MEMORANDUM

— ON THE —

BILL RESPECTING BANKS AND BANKING.

The proposed Bill respecting Banks and Banking having passed its first and second readings, I desire to draw attention to the changes and ameliorations which will be made in the existing law should the Bill pass the House in its present shape. This I am led to attempt for the reason that no article has yet appeared in the public press, so far as my personal observation goes, which can be said to fully, fairly and concisely set forth all the alterations which it has been deemed necessary or expedient to make in the law as now in force.

After mature deliberation it will, I think, be found that not a few of the proposed amendments are open to adverse criticism, as being either of doubtful application or barren of result. And, further, I think it may fairly be shown that other amendments which might be suggested, in the interest of the public and the Banks alike, have escaped observation, and find no place in the proposed Bill.

With this threefold object in view the present memorandum has been written, and with proper deference to the opinions and matured experience of others more capable than myself to discuss these matters, I beg to offer the following observations, in anticipation of the mature consideration which will be given to the Bill when it comes before Parliament for final sanction.

Prefatorily, it must be remarked that for the first time in the history of Canadian banking law has the Bank Act been cast into a form at once definite and symmetrical. Its various members have each their proper place, and are known under separate and appropriate appellations. All prior acts have suffered more or less from the vice of unintelligibility, due doubtless to amendments made almost annually to one or other of their provisions. And even in the Revised Statutes of 1886 there is to be noticed a sad want of method in the arrangement of the present Act as there consolidated. In the proposed Bill, on the contrary, by a judicious re-arrangement, the necessity of con-

stant reference from one section to another in order to determine the full meaning of any general enactment, is obviated, and a provision of the law once stated is immediately followed by whatever further provision may tend to limit or extend its operation; many doubtful readings have been re-cast, and he who runs may read.

Entering upon the consideration of our subject proper, I desire to call attention first to the interpretation given by the proposed Bill to doubtful readings in prior Acts.

SUBSCRIBER'S LIABILITY.

While considering the 20th section of the Act at present in force I have elsewhere stated (Law and Practice of Banking, p. 256) that:—

As a general rule the obligation of payment is created and perfected by the act itself of subscription. It would appear, however that this act would not be considered as perfected unless a sum equal to at least ten per cent. on the amount subscribed for is actually paid in at the time of or within thirty days after the time of subscribing. Such, we apprehend, is the construction to be placed upon the proviso introduced into section twenty of the Bank Act. Shares otherwise will not be held to "have been lawfully subscribed for." This point, however, has never been adjudicated upon.

Where the act of subscription is thus perfected, the whole amount, in the absence of a proviso to the contrary, is payable in terms of the Act. A proviso may be inserted that it shall be demanded only in instalments of specified amounts, to be called for within longer periods, but no statement, however explicit, in the original contract of subscription can relieve the subscriber from the ultimate necessity of paying the full par value of the full number of shares subscribed for and the double liability in addition, so long as any creditors of the corporation remain unpaid.

In thus interpreting the law, I was of opinion that no other construction could be placed upon the provision of the Act, as set forth. A share "not lawfully subscribed for" cannot be held the property of the would-be subscriber. The attempted contract fails of completion. No legal bond unites the parties, and having no rights in respect to such share the subscriber incurs no liabilities. The point thus referred to has been made the subject of an amendment, or, should my construction not be correct, of Legislative interpretation. The general

rule, as above given, is clearly adhered to, and it is provided "that the directors may cancel any subscription for any share, unless a sum equal to ten per cent. at least on the amount subscribed for is actually paid at the time of, or within thirty days after, the time of subscribing, but such cancellation shall not relieve the subscriber from his liability to creditors in the event of insolvency, as hereinafter provided." (Sect. 30). See also section 96.

EFFECT OF REPEAL

In the absence of express provision to the contrary, Sir Alex. Campbell, when Attorney-General (1881) says in reference to the penalty of forfeiture:—

"I may here remark, in passing, that there appears to me to be some force in the objection made by counsel, on behalf of the Bank, that the alleged infractions having all taken place before the 1st of July last, and the charter of the Bank having been renewed from that date by act of last session, no proceeding to forfeit the Bank's new charter can be taken on account of alleged violation of the old one."

In commenting upon this *obiter dictum*, I felt called upon to remark that:—

It seems well established, however, that a renewal of a Bank charter is simply a *continuance* of the prior charter, and that the corporation succeeds both to the rights and the *liabilities* of its predecessor. If the remarks of the Attorney-General in the cited petition for *sci. fa.*, are the law on the point, no penalty provided for by the Bank Act can be imposed, unless proceedings are taken during the term of the charter in which the wrongful act is done. Is this the intent of the Legislature?

This point also has been considered in the proposed Bill, which enacts that from the 1st July, 1891, the present Bank Act "shall be repealed, except as to rights theretofore acquired or liabilities incurred in regard to any matter or thing done or contract or agreement entered into or offences committed under the said Act," &c. (Section 103).

DEALINGS IN STOCKS, BONDS, &C.

Section 60 of the present Act enacts:—

Nothing in this Act contained shall prevent the bank from acquiring and holding, as collateral security for any advance made by

the bank, or debt due to the bank, or for any credit or liability incurred by the bank to or on behalf of any person (and either at the time of the making of such advance, or the contracting of such debt, the opening of such credit, or the incurring of such liability), Dominion, Provincial, British or foreign public securities, or the stock, bonds or debentures of municipal or other corporations, except banks.

The question arose whether a Bank could acquire a valid title to bonds or debentures purchased for purposes of profit. In discussing this question (L. & P. of Bkg., p. 167) I felt called upon to lay down, as a rule of almost universal acceptance, that while a Bank may purchase public securities, in order to invest its surplus funds in them, it cannot "traffic" or deal in them; it cannot buy them with a view to sell them shortly at an anticipated advanced price. Such would not fall within any department of the general province of banking. This view, however, as I added, citing *Jones vs. the Imperial Bank*, although supported by many English and American cases is not that taken by the Ontario courts. In the cited case it was considered that the words "in such trade generally as appertains to the business of banking" covered the purchasing of municipal bonds. Mr. Justice Proudfoot thus summarizes his opinion on the point in consideration. "The conclusion which seems to me deducible from these acts, is that the business of banking consists in dealing in money, the precious metals, and in bonds and negotiable securities; that this dealing confers the power of lending on them or of purchasing them, whichever the Bank directors may deem most for the advantage of the corporation; and that whether to buy or lend is a matter of internal management which the directors may determine."

Whether, I further added, this power would extend to the purchase of stock in chartered corporations, except banks, has never been adjudicated upon.

The proposed Bill has settled this question, but whether advisedly remains to be discussed. It is enacted that the Bank "may *deal in*, * * and lend money and make advances on the security of, and may take as collateral security for any loan made by it * * * stock, bonds, debentures and obligations of municipal and other corporations (except Banks) * * or Dominion, Provincial, British, foreign and other public securities."

Here it might be profitable to pause, in order to consider the ad-

visability of this enactment. The provision respecting municipal or public securities may not be open to question, but the same cannot be said as to the power given to deal in or even take as security the stock of chartered corporations. Let one example of the possible suffice. The directors of a bank organize a loan company, transfer its stock to the bank and loan themselves the money thus obtained on the security of their bank stock. The bank virtually lends money on its own stock, and this actually happened in the case of a recently liquidated bank. Would not an amendment denying to banks even the right now enjoyed of lending on the security of such stocks be more in order? This would be a return to the law as in force before the Bank Act of 1880. Legitimate banking cannot be held to comprise the providing of capital to organize or to equip manufacturing or trading corporations. It should suffice if such corporations are permitted to enjoy the privileges extended to private firms, that of discounting their bills receivable, or obtaining temporary loans, on the security of their warehoused products, or of their goods in course of transit. Within a very short period of time banks will virtually own and be forced to operate extensive manufacturing, mining or trading corporations, organized by their promoters for no other purpose than that such contingency result. But my object in the present memorandum is to point out, not to supply extended argument for or against, any proposed amendment. Others more able and better acquainted with the needs of the country will give this their attention in the House.

LIEN ON BANK STOCK.

Under Section 59 of the present Act, the Bank is given a privileged lien for any debt, or liability for any debt to the Bank, on the shares and unpaid dividends of the debtor or person liable, and may decline to allow any transfer of the shares of such debtor or party, until such debt is paid; and, further, if such debt is not paid when due the Bank may sell such shares after due notice given. In discussing this section I said (L. & P. of Banking, p 264) that "the nature of the indebtness, whence or how arising, is a matter of no consequence as regards the attaching of the lien. Nor is it of any moment whether or not the indebtedness has actually matured at the time when a demand for transfer is made." The omission of the words "which have accrued and become payable," inserted in former acts, together with the construction of the text itself, led to the inference as above stated. The refusal to transfer and the right to sell are two separate

and distinct rights, the latter only accruing after the maturity of the debt. The proposed Bill re-enacts the provision contained in the older Acts, and provides that the lien shall only extend to debts "which have accrued and become payable" The wisdom of this amendment is open to criticism. For certainly it seems reasonable that the lien should secure indebtedness which has not fully matured; otherwise a large portion of the good which is sought to be accomplished by it must be wholly annulled. The Bank, knowing itself to be entitled to such a lien, may fairly be supposed to rely upon it in allowing the indebtedness to be assumed originally, and would be justified in regarding it as a valuable contribution towards perfect security, on the faith of which the directors may not improperly neglect to demand such strong additional safeguards as they are wont. Further if the lien did not apply to immature indebtedness, what is to prevent the grossest frauds by the debtor? He could not be legally opposed, if with the express purpose of stripping the Bank of all possible means of repaying itself, and knowing that he will not and cannot himself pay it, he transfers all his shares upon the very day before his note to the Bank is to fall due.

A further amendment is made in this connection. The Bank is required to sell such shares within six months after such debt has accrued and become payable. The object of this provision is, two-fold, to defeat any attempt or the part of the Bank to thus indirectly lend money or make advances on the security of its own stock, and to insure the transfer of stock from insolvent to solvent holders. As a result of this amendment a shareholder, who is also a debtor, is denied the privilege which the directors may extend to other debtors on overdue paper. Renewals or extension of the time of payment cannot be given him for a longer period than six months, no matter how good the security he may be able to offer. Otherwise the provision will fail of its purpose. It cannot be argued that it is only in case of the insolvency of a debtor, or his refusal to provide the Bank with additional security or renewal notes that the obligation to sell devolves upon the directorate. The clause admits of no exception, and the word "shall" is imperative.

QUESTIONABLE WORDING.

It may be well at this point of my enquiry to pass from the consideration of obscure enactments in the present Act, now made clear from all doubt, to the consideration of two questionable readings

which seem to require revision in the Bill under discussion. It will be noticed that in section 47, sub-section 3, it is provided that "the auditors shall at all reasonable times have access to the books and accounts of the Bank." The section which immediately follows provides that "no person, who is not a director, shall be allowed to inspect the account of any person dealing with the Bank." It is at once apparent that a contradiction is here involved, and it might tend to remove this anomaly if the words "or auditor" were inserted in the latter provision after and immediately following the word "director."

Again, Section 19, sub-section 6, amends a provision of the present law, by omitting the words "at the first meeting after completion of their number." Under the present law the presence of this clause seems in effect an enactment that a vacancy created in the office of the president or vice-president cannot be filled until the directors constitute a full board as fixed by the by-laws. In omitting this clause the word "remaining" should precede the word "directors" *i.e*, the remaining directors shall from among themselves, &c. Otherwise it might be argued that in the absence of express provision to the contrary, the officers mentioned can only be filled by a full board, as is provided in the preceding sub-section which clearly lays down that only after the election of the full number shall the directors proceed to ballot for president and vice-president.

LOANS ON REAL ESTATE.

Before leaving this part of my investigation, I cannot refrain from expressing regret that at least one very open question has not been made the subject of Legislative interpretation. I refer to section 69, which is a re-enactment *verbatim* of section 48 of the present Act. This latter section is fully discussed by me elsewhere (L. & P. of Banking 170, *et seq.*) to which reference is directed. The question was whether the security of real estate might be taken simultaneously with a loan made legitimately in the course of a banking business. After considering cases bearing on the point, I concluded that the decision in the case of the Commercial Bank vs. The Bank of Upper Canada was in my opinion the law on this point, but I added, lest my opinion should be at fault, and, after consultation, considering the gravity of the question, that :—

It must be stated, however, that since the rendering of the decision in the Bank of Toronto vs. Perkins, it seems to be the opinion

of Bank solicitors in general, that a simultaneous advance and hypothecation is illegal, or of such doubtful legality as to render a loan so secured precarious.

It is to be regretted that the legislature has not removed all doubts by a more explicit rendering of its intent. Having seen fit to enact that warehouse receipts and bills of lading are to be taken as security for simultaneous advances *only*; and that stock, bonds and securities *may* be taken for such advances, it is clearly a grave omission on its part not to have enacted, if such was its intention, that only such debts as are overdue and have been contracted to the bank in the course of its business may be secured by the hypothecation of real property.

It certainly is in the interest of Banks to have their position clearly defined, either by distinctly forbidding the simultaneous acceptance of hypothecs on real eastate, or by conferring upon them the unconditional right to take such hypothecs as additional security for loans on current discounts, leaving to the discretion of the Banks to guard against the locking up of their funds in such a way as to deprive them of the benefits arising from their circulation and deposits, which would result from simple loans on real estate. This important question will no doubt be fully discussed before the Banking Committee on the renewal of the Bank charters in 1890.

Passing now to consider amendments which clearly and distinctly change the existing law, I proceed to discuss them in their proper order.

INTERNAL REGULATIONS.

Section 18 takes from the list of matters incidental to the management and administration of the affairs of the bank, upon which the shareholders may regulate by by-law, the question of the closing of the transfer books before the payment of each dividend. This being so clearly a matter of convenience and a technical part of the business of the bank is now left entirely within the discretion of the Board of directors by section 49.

GUARANTEE FUND.

Section 18, sub-section 2, enacts that the shareholders may authorize the directors to establish guarantee and pension funds for the

officers and employees of the bank and their families, and to contribute thereto out of the funds of the bank. This provision necessitated the withdrawal of the obligation imposed upon directors by the present Act to give bonds for the due and faithful performance of their duties. This has been done in section 23, sub-section 2, the word "may" replacing the word "shall."

The result of these amendments, however, is that in the event of the shareholders *not* authorizing the establishment of guarantee funds, the necessity of requiring official bonds is left entirely within the discretion of the directors. It may well be asked is this the intent of the Bill, or has there been merely an omission, which if supplied would require the taking of bonds in the absence of such authorization. If the intent of the Bill, recent defalcations would seem to render so important an amendment ill-advised. If at one time the necessity of requiring official bonds was considered to exist, times can scarcely be said to have changed.

QUALIFICATION OF DIRECTORS.

Section 19, sub-section 2, deals with the qualification of directors. Here, also, an amendment has been made to the present law. Each director will be required to hold capital stock on which the amounts fixed are *paid up*. At present the law is satisfied if he is the possessor of "stock" to the fixed amount, whether such stock is wholly or only partly paid up.

PROXIES.

Section 25, sub-section 5, provides that all proxies to be valid, must be made or renewed in writing within two years next preceding the time of meeting. The present Act reads "three years."

CAPITAL STOCK.

Passing on to the next general head, that of capital stock, it will be noticed that the clause in the present Act which enables the shareholders to increase the stock of the bank is amended, and in the proposed Bill every such increase requires the consent of the Treasury Board. (Section 26.)

An importment amendment authorizes any Bank to reduce its stock with the approval of the Treasury Board, without the passing of a special act being necessary, as at present. And in all cases in which

legislation is asked to sanction any reduction of the capital stock, a statement similar to that required to be laid before the Treasury Board, in the other alternative, must be filed with the Minister of Finance and Receiver General at least one month prior to the introduction into Parliament of the Bill relating to such reduction. (Section 28.)

Section 27 which deals with the allotment to shareholders of the original unsubscribed stock, or of the increased stock of the Bank, amends the present law by providing that in no case shall a rate be fixed by the directors, which will make the premium (if any) paid or payable or such stock exceed the percentage which the reserve fund of the Bank then bears to the unimpaired paid-up capital stock.

SHARES AND CALLS.

Section 28 contains an amended provision to the effect that Bank shares shall be assignable or transferable not only in Canada and the United Kingdom but also in any of the British Colonies or possessions, and the directors may open books of subscription and make dividends payable in any place or places in any such colonies or possessions, and may appoint agents therein for such purposes.

Under the present Act no time is fixed within which the directors are required to sell stock forfeited to the Bank for non-payment of calls. The proposed Act provides that such sale shall take place "within six months after such stock has been declared forfeited to the bank." The object of this provision, as also a similar enactment with regard to stock on which the Bank has a privileged lien, is to prevent any part of its subscribed capital being long held in abeyance The effect of the double-liability clause is always weakened in proportion to the number of shares not outstanding; and the basis of circulation being the amount of paid-up capital stock a Bank, if it held in abeyance shares of insolvent debtors over which it had a lien, might in time be issuing its notes against a capital, part of which had virtually been paid up out of itself.

STOCK TRANSFERS.

Of all the amendments under this head, that contained in section 37 is by far the most important. It is in effect an addition to Canadian law of the most important provision of the English act, known as "Leeman's Act," by which contracts for the sale of Bank shares are void unless the numbers by which such shares are distinguished are

set forth in the contract of sale. The hand by which the proposed Bank Act has been re-arranged is seen in this enactment. It is provided that:—

"All sales or transfers of shares, and all contracts and agreements in respect thereof, hereafter made or purporting to be made, shall be null and void, unless the person making such sale or transfer, or in whose name or on whose behalf the same is made, shall be at the time thereof the registered owner in the books of the bank of the share or shares so sold or transferred, or intended or purported so to be, and the distinguishing number or numbers of such share or shares (if any) shall be designated in the contract or agreement of sale or transfer; and any person, whether principal, broker or agent, who shall violate the provisions of this section by wilfully selling or transferring, or attempting to sell or transfer, any share or shares by a false number, or of which the principal is not, at the time of such sale or attempted sale, the registered owner, shall be guilty of an offence against this act."

The intent of this clause is to prevent what are known as "short" sales, that is to say the buying or selling of shares, subject to future delivery, a species of speculative trading which, unfortunately, constitutes the chief part of stock exchange transactions in this advanced age of our civilization. It has been well remarked that this amendment "will be generally regarded as desirable, in that it surrounds speculation in bank shares with wholesome restrictions and lessens the danger of "bear" movements on the stock and credit of these institutions in periods of financial stringency and trade depression. It matters little how operations are conducted in miscellaneous securities, but the bank shares list ought to be protected from the devices of wreckers."

I have seen it stated, in one of our most prominent "dailies," that this enactment calls for the numbering of Bank shares. This statement it is perhaps well to deny. The words "if any" inserted within brackets, should have led the writer to the conclusion that such numbering is to be entirely optional with the Bank.

ANNUAL AUDIT AND INSPECTION.

We have arrived at a point in the Bill under discussion which cannot fail to be a halting place in the passage of the Act through its final stages. Section 47 provides for the auditing of the accounts of

the Bank at least once a year by two or more auditors appointed by the shareholders, not being officers or directors of the Bank. This is an application of the English Act of 1879, sec. 7 to Canada. It may well be asked will this clause be useful or will it be mischievous? At least one Canadian Bank at the present time audits its accounts yearly. The last auditors' report of this Bank was signed and delivered within a day from the closing of the books, and a glaring error embellished the statement.

I will leave this clause to be further amended, or to be "examined and found correct," to pass lightly over the amendments to be found under the heads next following.

DIVIDENDS AND NOTE ISSUE.

Section 49 provides for quarterly as well as for half-yearly dividends, according to the discretion of the directorial board.

In section 53, sub-section 2, the penalties now imposed for over-issue of circulation are subjected to an increase, while in the following section notes issued for circulation are declared to be, as at present, a first charge on the assets of the Bank in case of its insolvency. A question heretofore in doubt, until carried to the Privy Council for solution, is then laid at rest by the enactment that the payment of money due to the Government of Canada shall be a second charge and that due to Provincial Governments a third.

THE BANK CIRCULATION REDEMPTION FUND.

The provision to which I am now called upon to draw attention is of a nature to require greater space than is at my disposal if a criticism, favorable or otherwise, were required of me. Here is to be found the most important change in the proposed Bill, a change whose aim is to be highly commended, that of providing a guarantee fund for the immediate redemption of the notes of a suspended bank. All banks will be required to deposit with the Government two and a-half per cent per annum for two years on their average circulation for that purpose, and in the event of this fund being impaired at any time, such impairment is to be immediately made good. "The weak point of this provision is that in the event of the suspension of a large bank, or of several small ones, the fund might be quite inadequate to meet the demands upon it, and there is no limit to the additional amount the remaining Banks might be called upon to contribute. Whether the

Legislature will be able to put this clause upon a more equitable footing remains to be seen."

REDEMPTION OF NOTES.

Section 56 requires that the bank makes such arrangements as may be necessary to ensure the payment of its notes at par at the chief places of business in each Province. No penalty, always save that of forfeiture, is attached to this clause, but the result must be that all bank bills will everywhere pass at par.

In this connection it must be noted that a weakness is apparent in the wording of this section. No more seems to be really intended than that the bank shall make arrangements to insure the redemption and payment of its notes at the cities of Halifax, St. John, Charlottetown, Montreal, Toronto, Winnipeg and Victoria, and at such other places as the Treasury Board may designate from time to time. Banks whose Head Offices are not situated in such places must also redeem at their chief place of business, as is elsewhere (section 57) provided. But at first reading, it would appear that the Bank is to be called upon to establish agencies in every part of the Dominion. It might be well to re-consider the reading of this section, and to strike out, as surplusage, the words "payment at par in any and every part of the Dominion of Canada of all notes issued or re-issued by it and intended for circulation, and for this purpose the bank shall establish agencies for."

Section 60 amends the law as at present in force, by providing that at least one signature to each bill or note must be in the actual handwriting of a person authorized to sign such bill or note. This will be a protection to the bank in case any of its notes are stolen before completion and issue.

BUSINESS AND POWERS OF THE BANK.

An amendment of considerable importance, proposed by the Bill under consideration is to be found in section 75, and relates to loans to wholesale dealers, shippers and manufacturers. In the present Act it is provided that warehouse receipts may be granted by certain dealers and manufacturers who, although owners, may issue such receipts for goods in their own possession, as security for loans obtained from the Bank. At the suggestion of bankers generally, an extension of this power has been granted by the proposed Bill. The amendment is a sweeping one, "practically converting every manufacturing

establishment into a bonded warehouse, and giving to the Bank a preferential lien on all goods contained therein upon which money has been loaned. The effect of this provision is to introduce the system of chattel mortgage into all the provinces, and to place Banks in the position of preferential creditors in respect of the merchandise of wholesale manufacturers and producers." Exactly how far the Dominion Government may go in thus interferring with the civil rights accorded by law to the unpaid vendor, in this Province, or the necessity of registration required in other Provinces, where a chattel mortgage is a recognized security, will be questions for Courts to decide, for they are certain to be raised by third parties who find themselves bringing up the rear in the participation of the assets of an insolvent creditor.

REMAINING AMENDMENTS.

I have now reached a point at which I may safely withdraw attention from particular sections, and summarize the less important changes which follow.

Returns must be made up and sent in within the first fifteen days of each month. The present Act allows twenty days.

Insolvency will insue if the Bank suspends payment for ninety days consecutively, or for ninety days at intervals within twelve consecutive months.

All dividends and deposits with the interest due thereon, not claimed or called for within eight years, must be paid over to the Government "for the public uses of Canada." In this connection a writer in the public press rather uncharitably remarks that :—

"It is a wonder that the honorable Finance Minister forgot to claim the stock as well as the dividends. He will probably supply this omission in committee, if the clause is allowed to remain" "A clause," he adds, "requiring the banks to advertise such deposits and dividends after five years would be much more likely to find the claimants, if that is the object of the Government."

An amendment has also been made affecting private bankers, withdrawing the right to use the words "bank," "banking house," "banking company," banking association," or "banking institution." At present these words may be used, by way of title, if followed by the notice "not incorporated."

The last and most important of the amendments is that requiring the Bank to pay wherever presented, and without any charge or

discount, all official cheques of the Dominion of Canada, whether drawn on itself or on another Bank, and this without limit as to amount. This clause calls for further amendment. A small bank receiving a call from one of its minor agencies to remit $50,000 to enable such agency to do its duty, would have to do a little financing, for the benefit of the Government and another Bank, awaiting the receipt of the official cheque to recoup itself.

GOVERNMENT RETURNS.

The schedule of liabilities and assets has been altered so as to give effect to amended clauses. The new form seems an improvement on the present form, but will entail "an enormous amount of labour on the head office of a bank having thirty or forty agencies." One clause calls for "the greatest amount of circulation during the month." Another requires a statement of municipal debentures held, but no statement appears necessary of the "stock in chartered corporations."

Such are the changes and ameliorations to be made in the existing law respecting banks and banking. It is sincerely to be hoped that due consideration will be given in Committee to each and everyone of the amendments which propose a radical change in either the law or the practice of Banking.

FRANK WEIR.

COMMENTS OF THE PRESS

—ON—

Weir's Law & Practice of Banking

A work from the pen of a writer already well known to the commercial press. A carefully compiled analytical index of 35 pages renders this work extremely valuable as a book of reference, the innumerable points considered being thus rendered easy of access to the reader. We heartily recommend Mr. Weir's volume to those for whose assistance it is primarily intended: Banks and their shareholders and customers.—*Trade Review, Montreal.*

The author is a distinguished graduate of McGill University and a son of Mr. Wm. Weir, President of the Ville Marie Bank. Mr. Weir has been a valued contributor to the commercial press, and, by his education and practical experience, is well fitted for the task he has undertaken. The work is Dominion in its scope, and from the care taken in selecting and considering its various points,—covering 500 pages,—will be of valuable assistance to bank officials. This treatise has been well received by the commercial press and in banking and legal circles.—*Daily Star, Montreal.*

It aims to supply a ready book of reference upon all points of the law relating to banks and their dealings with the commercial community, for the use of all who in their daily business have found the ever recurring need of such a text-book. The Bank Act is cited at length, and is followed by the author's commentary, in which every section of the act is dealt with in a lucid and complete exposition of the legal propositions which it contains, together with references to the decided cases which support the text. It brings the law down to date, and is based on our own revised statutes.—*The Gazette, Montreal.*