

THE
MERCHANTS' MAGAZINE
AND
FINANCIAL REVIEW.

VOL. I.

JULY, 1891.

No. 4.

EDITORIAL COMMENT.

MONTREAL, 20th July, 1891.

MONEY AND EXCHANGE.—The condition of the money market, both here and at other financial centres of the Dominion, has been one of continued ease, ample funds to meet legitimate requirements being at the disposal of borrowers. A more cheerful tone is to be noticed in trade circles, and a speculative feeling has commenced to show itself in the stock exchanges, where stocks exhibit general firmness and an upward tendency. Excellent crop prospects have been reported of late from various sections of the country, the recent rains having been universal in their fall. In Manitoba the acreage under crop is unusually large, and a surplus of from twenty-two to twenty-five million bushels, available for export, is anticipated. The farmer is now preparing to harvest his grain two weeks at least earlier than usual. Slight frosts have been felt in limited areas; but if the early spring does not bring early frosts, and there should be a holding off of heavy showers during the harvest, the present season must prove a memorable one in the history of the North West. Call money in Montreal has been readily obtainable at from 4 to 4½ per cent., the lower rate ruling, while 6 to 7 has been the rate for mercantile loans. In Toronto the demand for money has not been active. Call loans on bank stock collateral have been on a 5 per cent. basis, and on bonds and

the better class of miscellaneous shares $4\frac{1}{2}$. Discounts are rated at from 6 to $6\frac{1}{2}$, and real estate loans $5\frac{1}{2}$ to $6\frac{1}{2}$. Winnipeg advices quote 7 to 8 per cent. for good commercial paper, with farm mortgage loans holding firm at 8, and city real estate loans 7 to 8. Advices from the Pacific province report a very healthy tone in the investment market, investments having become more permanent in character, and principally for business purposes. Large sums are, however, going into outside properties, which has had a tendency to diminish the volume of investments in business centres. Transactions of this nature promise to be sufficiently remunerative to bring back manifold returns, and any stringency, if felt at all, will be but temporary. As an indication of the faith placed by capitalists in the security offered in Victoria, the successful negotiation of a loan for \$25,000 at 7 per cent. is noted; interest payable on loans of a similar nature and on similar security in the Sound cities running from 2 to 3 per cent. per month.

The bank statement for June, the last under the requirements of the late Act, exhibits a few features incidental to the season, but is otherwise devoid of interest. The distribution of profit by many institutions at the end of the half year, in the shape of dividends, has tended to increase demand deposits, pending investment, and an addition of \$2,860,936 in this item is to be noted, due in great measure to this cause. The true increase, however, cannot have exceeded \$2,000,000, for the item "cheques and notes of other banks" shows an increase of \$1,274,088 over the previous month, thus recording more than the average of cheques outstanding. Deposits at interest have declined over \$1,400,000, a state of affairs calling for notice when we consider that over \$600,000 has also been withdrawn from the Government Savings banks during the same period. A large proportion of this was, no doubt, withdrawn for purposes of investment in stocks and securities offering higher rates of interest, while a good part may be accounted for by the withdrawals incident to the holiday season. Sums of \$100 and upward called for by numerous small depositors, whose thriftiness permits of a summer outing, amount in the aggregate to a sum sufficiently large to show a noticeable decrease in the total of deposits. Dominion Government deposits now stand at \$4,571,696, an increase of over \$1,000,000, the proceeds of the recent loans having been thus placed on call. An equally large increase in this item may be looked for when the July statement comes to hand, the policy of the Government being to re-deposit temporarily

the amounts received under the note-guarantee clause of the new Bank Act. Provincial government deposits have decreased, the shrinkage aggregating nearly \$700,000 equally divided between those on demand and after notice. Circulation has suffered an expansion, nominally, of \$462,672. On the other side of the account, a slight increase in the total of discounts is observable, while loans to municipal corporations stand at \$5,368,955, an advance of \$699,306 for the month. This is largely due to a special temporary loan made to the city of Toronto by three of the larger banks having their head offices in that city. Loans on the security of stocks and bonds show an advance of \$244,602 compared with the previous statement, and of \$4,340,887 in comparison with the corresponding month of last year, indicating an improvement in the demand for call money and the rise of a speculative feeling. Overdue notes secured and not secured are placed at \$2,807,807, an increase of \$199,276 for the month. Total available assets aggregate the very substantial sum of \$45,630,876, being \$6,694,699 in excess of the figures for the corresponding month of last year, but nearly \$7,000,000 below those recorded in June, 1881.

The market, both in sterling and New York exchange, has ruled quiet, without important change during the month. As was generally anticipated, the Bank of England rate, what had dropped to 4 per cent. on the 4th of June, suffered a further decline of one per cent. on the 18th, and now stands at 2½, having been reduced to that figure on the 2nd July. In consequence of the low rate prevailing the bank continues to steadily lose gold. The banking reserve which stood at \$97,178,485 four weeks ago has now fallen to \$79,766,055, a drain of over \$17,000,000 in that period. The reserve, however, still rules far above the level at the corresponding date last year, when it amounted to no more than \$58,380,795. The proportion of the reserve has dropped to 39.03 per cent., a decrease of 7.04 per cent. in four weeks. As an item of interest, we present herewith a statement of the specie held by the three principal European banks, in comparison with the amounts reported one year ago. As the Imperial Bank of Germany does not distinguish between the two metals in its weekly returns, we are compelled to estimate their proportions. We rate them, by the best information obtainable, at 78 per cent. gold to 22 per cent. silver at present, in comparison with two-thirds gold to one-third silver a year ago.

	July 16, 1891.	July 17, 1890.
Bank of England Gold.....	\$129,842,005	\$102,507,370
Bank of France Gold.....	272,439,580	262,851,000
Do Silver.....	252,963,301	252,802,232
Imperial Bank of Germany Gold (estimated).....	180,621,000	139,947,000
Do Do Silver (estimated).....	50,944,000	69,973,000
The three banks Gold.....	582,902,585	505,305,370
Do Silver.....	303,907,301	322,775,232
Specie.....	\$886,809,886	\$828,080,602

It will be seen that the Bank of England exhibits a gain of \$27,334,635 gold over the corresponding date last year. The Bank of France shows an increase for the year of \$9,588,580 gold, as well as a trivial gain of \$161,069 silver. The Imperial Bank of Germany displays an increase of \$40,674,000 gold and a decrease of \$19,029,000 silver, a net increase in specie of \$21,645,000. The three banks taken together exhibit, in comparison with the corresponding date last year, an increase of \$77,597,215 gold and a decrease of \$18,867,931 silver, a net increase in specie of \$58,729,284. One year ago the three banks exhibited an excess of gold over silver to the amount of \$182,530,138. At present the excess of gold over silver stands at \$278,995,284.

Since our last review the English Bank of the River Platte has suspended and gone into liquidation on account of its inability to realize on its Argentine securities. This bank was established in 1881, and had a subscribed capital of £1,500,000, of which one half is paid up. At the end of 1890 its reserve fund amounted to £425,000, and it had over £7,000,000 sterling deposits. Its loans and discounts amounted to £8,360,000, and it had on hand £2,500,000 cash. The stock of the bank was divided among about 1000 shareholders, and among the directors were Hon. Sidney Car Glyn and Rt. Hon. Lord George Hamilton, M.P. The bankers of the English Bank of the River Platte were Messrs. Glyn, Mills, Currie & Co. of Lombard street. The bank has paid a dividend of 10 per cent. per annum for some years past, and was considered to be the strongest bank doing business in the Argentine and Uruguay republics. It had branches in Buenos Ayres, Montevideo, Rosaria, with agencies at Paysandu and Salto. This bank was one of the few banks that remained open during the recent crisis in Buenos Ayres.

PRIVATE BANKERS.—A provision to be found in Section 100 of the Bank Act is of considerable importance to private bankers, several of whom will be more or less affected by its enactment. Every person assuming or using the title of bank, banking company,

banking house, banking association or banking institution, without being authorized so to do by an act in force in that behalf, renders himself liable to a fine not exceeding \$1000, or to imprisonment for a term not exceeding five years, or to both, in the discretion for the court before which the conviction is had. Heretofore the use of these words was not prohibited, if followed by the notice "not incorporated." This prohibition, denying the right to use as the firm name a word, or set of words, which by general acceptance conveys the idea of incorporation, and consequently of extra privileges conferred through motives of public interest, does not in any sense take away any of the privileges inherent in the business of banking. Its enactment is a prudent move on the part of the legislature, and bankers generally readily appreciate the cause which gave it birth.

A CORNER IN WHEAT.—The Farmers Alliance, an organization claiming considerable political power in the neighboring republic, has declared war against grain speculators, proposing to withhold this year's wheat crop from the market until the farmer can get his price, or at least a price considerably above the average. The greatest competitor of the farmer is the speculator, who sells for delivery in any month in the year, and makes it unnecessary for the actual consumer to lay in such stocks as he may consider reasonably sufficient for his requirements. As a result the farmer coming in with his grain finds his customers already supplied, for the most part by the speculators, promises to deliver, and perforce is compelled to sell to the elevator man at the latter's price. In this competition between grain and wind, the latter has the advantage, for the wind crop is never short; and, according to the Alliance, the farmer, in this way, has been robbed of \$300,000,000 in the past three years.

The Alliance, therefore, calls upon the farmer to show his power, and nullify speculative betting on low prices. The remedy suggested is simple, effective and on the surface entirely under the control of the granger. With European crops considerably under the average, and the prospects for this season in America excellent, the true value of wheat is greater than it has been for some years past. The stocks of wheat and flour in this country are considered hardly large enough to supply its wants until the incoming of the new crop. If, therefore, the rush of new wheat be delayed beyond the anticipated period, the market for it would start in

with double the price obtainable by the farmer for some time back. In view of the condition of the world's crop, a minimum Chicago price of \$1.35 for wheat in New York is considered moderate and conservative, and members of the Alliance have been called upon not to market their wheat at lower prices, unless under contract, and to use their best efforts with farmers outside of the organization to act in this resolution. Members are also warned that when the design of the Alliance is made known, the speculators will answer by floods of news from all parts of the world, alleging improvement in crops, declining markets and abundant supplies. To these reports the farmer should pay no heed, relying for accurate information upon the State board of the Alliance, who will from time to time notify him of the state of the world's market, of changes taking place, and advise him upon the minimum price that he may reasonably insist upon.

The Farmers Alliance is certainly making the most of opportunity; and of the many irrational schemes of which it is the alleged parent, the above adaption of the strike and the combine,—the one the weapon of labor, the other the arm of capital,—must be considered one of its most brilliant efforts. Plausible and full of promise, it is but a complement to the famous sub-treasury wheat scheme, by which the Government was to be called upon to receive in store the crop of the farmer, make advances against it, and hold it for sale until the market be propitious. In other words, the Government was to be the instrument for the causing of a corner, by withholding from the market the entire wheat crop of the country until prices reached a figure at which the farmers would be willing to sell. It is the right of any man to hold his property until he gets his own price. A combination of men to hold their own products until prices rise is prohibited by law in many States and by the spirit of the resolutions of the Farmers' Alliance. It is in no essential respect different from the formation of trusts. If the coffee dealers should combine to warehouse their coffee until the scarcity should force prices up, there would be universal indignation. If men producing anything but farm products should ask the Government to warehouse their goods, paying them a large percentage of its value, until prices should please them, the farmers would be the first to protest. The Alliance should remove the anti-trust plank from its platform.

BRANCH BANKS.—An able writer on financial subjects, who contributes a paper to the current number of the *Forum*, argues in

a forcible manner in support of the proposition that the banking system of the United States calls for re-organization. He favors the adoption of a system akin to that at present followed in Canada, the consolidation of the banking institutions of the larger cities, and the establishment of branches in various parts of the country; and he considers that fifty parent institutions would be sufficient for the needs of the entire United States. By consolidated management, guarantees would be given of honest methods, which cannot be obtained when thousands of banks are established and scattered over the country,—constant supervision and inspection by interested bank officials, tending to prevent defalcation much more than the erratic visits of Government inspectors. So far as the country districts are concerned, the branch of a main bank would afford vastly better business facilities than can now be obtained, for the reason that the branch would have the credit and strength of the parent institution. Beside this, in case of local financial troubles, leading to a tight money market, or a semi-panic in one section of the country, the unneeded or unused assets of other branches could be quickly brought and made available at the point where they were needed.

In the early years of the present century, the banking business of Great Britain was carried on in much the same manner that the banking business of the United States now is—that is, by means of a large number of separate banking institutions, each little locality having its own bank. But it was found when the experiment was attempted, that vastly better results could be secured by the establishment of a great banking institution, represented in scores and hundreds of places by branch managers. Not only were these latter associations able to drive local banks and local bankers out of the field by the many advantages they offered, but, if the experience of the larger of these great institutions is to be taken as a guide, they have been vastly more profitable than almost any strictly local bank could be. The London & Provincial Bank, for example, which has nearly 200 branch offices, has declared dividends which for some years past have averaged, we think, more than 20 per cent. per annum. A system which apparently combines greater convenience, greater safety and greater profit is one that deserves to be imitated. The adoption of this system by Canada has tended to give a strength and stability to the banking associations of this country, which may well be the envy of American financiers. In the Free Banking Act of 1850,

old Canada essayed a trial of the system adopted ten years later by the United States, but its provisions were not taken advantage of to any extent. Of the banks now in operation, one, the Molsons Bank, owes its origin to this Act, but within two years it also joined the ranks of chartered institutions. Canada, at the present time, is possessed of a Bank Act, almost perfect in its provisions, so far as the needs of the country are concerned. The tightness in money, so constant an occurrence in the neighboring republic when the movement of the crops sets in, is here obviated by the unconscious expansion of note circulation, so important a part of the Canadian system; and in any attempt to re-organize the banking system of the United States, American legislators will find many points worthy of imitation if they study intelligently the new Bank Act, to be found elsewhere in these pages.

AMERICAN TRADE DOLLARS.—A Washington despatch states that what is probably the last act in the career of the trade dollar has been entered upon, the mints of the United States having recently begun preparations for coining the trade dollar bullion now on deposit into standard silver dollars. This bullion represents less than 20 per cent. of the trade dollars issued by the Government in ten years, during which the law authorizing their coinage was in force, the total issue amounting to nearly 36,000,000. They were authorized in 1873, at the time when the coinage of the standard dollar was suspended, and were intended solely for export to China and Japan, where they were needed in carrying on the trade of the Pacific Coast States. They were made of 420 grains silver, 90 fine, which is the British standard in China, and were made legal tender for their face value in sums not exceeding \$5. This proved an inducement to speculators to purchase them abroad and re-ship them to the United States, the purchases being made at their bullion value and the coins being placed in circulation in this country at their face value. In July, 1876, Congress repudiated the trade dollar, declaring that it should not thereafter be a legal tender. There was quite a heavy coinage after that, more than 13,000,000 of them being coined in 1877. In February, 1878, however, an order was issued by the Secretary of the Treasury, under authority of Congress, finally discontinuing receipts of the deposits of silver for trade dollars. Since that time the only coinage has been of "proof pieces," which were issued from the Philadelphia mint to the number of six thousand. Great

pressure was brought to bear upon Congress by merchants, and especially by speculators who had purchased large numbers of these trade dollars, to have them redeemed at their face value. As a result of this procedure, Congress, in March, 1877, passed a law providing for their exchange at face value for standard silver dollars, if presented within six months. This was intended for protection of domestic holders. The director of the mint, when requested to make an estimate of the number of trade dollars which would probably be presented under this act, that is, the number which was then in domestic circulation, said that he thought there were about seven millions of them. When the law went into effect, a number of speculators got together all coins they could in China and Japan, and imported them in time to present them for redemption at the treasury. There were 830,561 of these coins imported during six months, of which 675,083 came through the port of San Francisco. The total number redeemed under the act was 7,839,036, which, counting those which came through the port of New York as belonging to domestic owners, made the estimate of the mint bureau within 13,953. Of the final redemption of the other twenty-eight millions, it is known that a number have been presented at the Treasury department from time to time, and sold as silver bullion. The Government has purchased these just as it would purchase any other silver bullion, at the market rate. There were nearly a million of these dollars presented and sold as bullion before the passage of the act of 1877, and most of these came from the hands of disgusted speculators, who had given up all hope of any act being passed by Congress for the redemption of these coins. It is understood that the twenty-six millions now in circulation are not all in China and Japan, but that a great many are owned by speculators in this country, who still have hopes that the Government will, some day, take further steps for their redemption.

BUILDING LOAN ASSOCIATIONS.—At a recent meeting of the New York State League of Building Loan Associations, Senator Dexter of Elmira, in his presidential address, referred to the proposed scheme of life insurance for borrowers in these associations, whereby, in case of death, the payment of the mortgages given by them should be assured through a life insurance, thus securing to the bereaved family of the deceased borrower the home which he was striving to free from debt. His words call for

commendation. "It is a subject worthy of careful consideration. I am confident that upon examination the conclusion will be reached, that it is unwise to incorporate the life insurance feature into a scheme of the building loan association, and make it a part of the business of the association, for the reason that life insurance has an element of risk in it, that cannot be safely joined with a 'savings institution,' and such are all legitimate building loan associations. The life insurance suggestion must be worked out along the line of having a life insurance company wholly independent, financially, of the building loan associations, but in which the borrower may take life insurance, and then assign the policy to the building loan association as an additional security for the payment of his loan. The premiums on the policy to be paid in weekly or monthly payments at the same time as his dues and interest, the association acting as an agent in collecting and remitting the same to the insurance company."

SPECULATION IN BANK STOCKS.—Following an act recently passed by the British Parliament, 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, a provision has been inserted in the new Bank Act, which is intended to prevent what are known as "short" sales. By this term is meant the 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 civilization. This enactment is 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. If it matters little how operations are conducted in miscellaneous securities, the bank share list, at least, ought to be protected from manipulation by wreckers. The penalty for any infringement of this section is justly severe, the offender exposing himself on conviction to a fine not exceeding \$1000, or to imprisonment, or to both, at the discretion of the court. The enactment reads as follows:—

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 (*saving, however, as to a purchaser not having knowledge of the defect, his rights and remedies under the contract*

of sale), unless the person making such sale or transfer, or in whose name or on whose behalf the same is made, is 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, *or has the registered owner's assent to the sale*, 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 violates 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 which the principal is not, at the time of such sale or attempted sale, the registered owner, *or acting with the registered owner's assent to the sale*, shall be guilty of an offence against this Act.

As originally worded, the above addition to our statutes seems to have covered more ground than was evidently intended it should cover, bearing too harshly on purchasers in good faith. To remedy this defect, this section was re-cast after the second reading of the bill, and the words italicized were inserted on final reading.

FEDERAL BANK OF CANADA.—The liquidation of the Federal Bank is rapidly approaching an end. According to the annual statement to May 31st, good progress has been made of late in selling real estate and realizing on securities, and every effort is being made to collect remaining assets with the least possible delay. The statement of assets and liabilities, May 31st, is as follows:—*Liabilities.* Notes of the bank in circulation \$17,427; Deposits not bearing interest, \$7,131; Total liabilities, exclusive of capital, \$24,558; Capital, \$750,000. Total, \$774,558. *Assets.* Cash, and balances due by other banks (bearing interest), \$33,636; Loans and bills discounted current, \$10,069; Loans and bills discounted overdue, not specially secured, \$21,495; Loans and bills discounted overdue, secured, \$8,352; Real estate, \$46,574; Mortgages upon real estate, \$7,298; Bank premises (safes and furniture), \$1,010; other assets, not included under foregoing heads, \$43,670. Total estimated assets, \$172,106; Debit balance of profit and loss account carried forward, \$602,451; Total \$774,558. At the recent annual meeting of shareholders the report was adopted, and the following gentlemen elected directors: Messrs. H. C. Hammond, William Hendrie, John Hoskin, Q.C., LL.D., W. T. Kiely, J. W. Langmuir, Thomas Long, Robert Thomson, Hon. S. C. Wood.

MUNICIPAL LOANS, &c.

The Imperial Bank have purchased at par the debentures recently offered for sale by the town of Prince Albert.

The by-law granting \$20,000 for local improvements has been voted upon at Fort William, Ont., and carried by a sweeping majority.

The City of Sherbrooke has offered for sale \$50,000 of 4 per cent. City Bonds, payable in twenty-five years, interest semi-annually. Applications for the same closed 1st July.

Tenders will be received up to July 6th, for the purchase of \$20,000 drainage debentures of the town of Regina, running thirty years; interest six per cent., half yearly.

The town of Petrolea has issued \$27,000 5 per cent. 20 year debentures, at a premium of 3.01. The Canada Life Insurance Company of Hamilton were the purchasers.

A by-law to raise \$45,000 for the grading and improving of streets and building a new bridge over the Rideau River was defeated at Ottawa, by a vote of 398 for and 676 against.

Tenders will be received at the office of the clerk and treasurer for the town of Digby, N. S., up to 1st August, for a loan of \$4000 required for school purposes, repayable within twenty years by yearly instalments with interest. Tenders must state the rate of interest.

A petition has been circulated through the city of Sherbrooke, and largely signed by ratepayers, asking the City Council to grant a bonus of thirty thousand dollars and exemption for a number of years to the Jenkes Machine Company, provided they increase their works.

A meeting of the reeves of the rural municipalities contiguous to Winnipeg was held July 17th, to consider the submitting of a by-law to the ratepayers of these municipalities, to raise \$10,000 to be given as a bonus for the erection of a flour mill in Winnipeg, for the accommodation of the farmers of said municipalities.

The Municipal Council of the township of Dover, Ont., has passed a by-law authorizing the issue of debentures to the amount of \$1296, in sums of not less than \$100, payable in four consecutive annual instalments, with interest at a rate not exceeding six per cent. per annum, payable with each debenture at the Canadian Bank of Commerce, Chatham.

The City of Halifax has issued a loan of \$276,500, in order to retire Water Debentures maturing 1st July. The new debentures bear $4\frac{1}{2}$ per cent. interest, payable half-yearly, and are to run twenty-five years. The tender of J. C. Macintosh for the above, at a shade above par, was accepted. Montreal capitalists are said to be interested in the purchase.

Mr. Justice Street has made an order quashing a by-law of the Town of Oakville, authorizing the issue of debentures to the extent of \$7000 for the establishment of an electric light and power company. The ground on which the by-law was quashed was that the provision made for payment of the debentures was insufficient and would leave the town in debt.

The county of Antigonish, N. S., has been receiving tenders for a loan of \$6000, repayable in twelve equal annual instalments with interest half-yearly. The town of Antigonish has also been calling for tenders for the purchase of debentures to the amount of \$10,000 payable in twenty years, with half-yearly interest at the rate of $4\frac{1}{2}$ per cent., debentures to be in sums of \$500 or \$1,000.

A by-law has been passed by the municipal council of the township of Harwich, Ont., authorizing the issue of bonds to the amount of \$9,905.15, in sums of not less than \$100 each, redeemable in 10 equal annual consecutive instalments, with interest at the rate of 5 per cent. payable annually. Debentures and interest payable at the Canadian Bank of Commerce, Blenheim.

The town of New Glasgow, N. S., is calling for tenders, closing 1st August, for a loan of \$25,000, an amount required for water-works, street improvements and sewers. The debentures are dated October 1st, 1890, and bear interest at a rate of $4\frac{1}{2}$ per cent. per annum, payable half yearly, and are in sums of \$500.00 and \$1,000.00 each, running for 20 years. The tenders are to state the amount to be taken and the price offered. The purchaser will be required to pay the accrued interest on the October coupons up to date of delivery.

DIVIDENDS.

The following semi-annual dividends have been declared, payable in July and August :—

BANKS.

	Rate		Payable	
City and District Savings,	4 o/0			July 2
Eastern Townships,	3½			July 2
Union,	3			July 2
St. Jean,	2			July 7
New Brunswick,	6			July 10
Nova Scotia,	3½			Aug. 1
Merchants of Halifax,	3			Aug. 1
St. Hyacinthe,	3			Aug. 1
Yarmouth,	3			Aug. 1

LOAN COMPANIES.

	Rate		Payable	
Land Security,	5 o/0			July 1
London and Ontario,	3½			July 1
Huron and Erie,	4¼			July 2
Canada Landed,	3½			July 2
Ontario Industrial,	3½			July 2
British Canadian,	3½			July 2
Hamilton Provident,	3½			July 2
Chatham,	3½			July 2
Société de Prêts et Plac. de Québec,	3 and ½			July 2
Home Savings,	3½			
Ontario Loan & Debenture,	3½			
Building and Loan,	3			July 2
Dominion Savings,	3			July 2
Landed Banking,	3			July 2
Canada Permanent,	6			July 8
Western Canada,	5			July 8
Union Loan,	4			July 8
Imperial Loan,	3½			July 8
Central Canada,	3			

INSURANCE COMPANIES.

British America,	Rate 3½ o/0	Payable	July 2
------------------	-------------	---------	--------

CABLE AND ELECTRIC LIGHT COMPANIES.

Commercial Cable,	Rate (1) 1¾	Payable	July 1
Royal Electric,	" (1) 2	"	Aug. 15

RAILROADS.

Canadian Pacific,	Rate (2) 2½	Payable	Aug. 17
-------------------	-------------	---------	---------

(1) Quarterly.

(2) Of this dividend one and a half per cent. is from the annuity provided for until August, 1893, by a deposit with the Canadian Government, and one per cent. is from the surplus earnings of the Company.

JUNE BANK STATEMENT.

	May 1891.	June 1891.	June 1890.	June 1881.
Capital authorized....	\$75,258,665	\$75,258,665	\$76,008,665	\$66,766,666
Capital subscribed....	61,855,692	62,085,112	61,858,832	61,887,333
Capital paid up.....	60,480,392	60,742,365	59,569,764	59,384,987
Reserve fund [Rest]..	22,853,789	23,007,678	21,094,034	.....

LIABILITIES.

Circulation.....	\$30,917,214	\$31,379,886	\$32,059,177	\$26,102,368
Dom. Govt. deposits on demand.....	3,411,061	4,482,634	4,683,741	} 10,128,659
Do after notice.....	.....	.....	.....
Deposits for contracts and insurance.....	89,062	89,062	150,306	
Prov. Govt. deposits on demand.....	974,086	661,848	618,610	} 360,822
Do after notice ...	1,873,642	1,564,811	2,103,400	
Other deposits on demand.....	56,522,473	59,383,409	53,273,531	45,064,955
Do pay'e afr notice	\$4,679,400	83,249,806	75,357,924	38,601,183
Loans from or dep'ts by other banks in Canada secured.....	234,000	249,000	272,775	.....
Do unsecured..	2,051,923	2,240,452	1,973,508	1,776,498
Due Banks in Canada.	790,668	791,456	825,384	1,095,716
Do For. Countries..	108,847	141,340	367,606	93,259
Do the U. Kingdom	3,280,852	3,841,322	2,559,849	1,454,351
Other liabilities.....	658,385	262,382	255,604	385,727
Total liabilities..	\$185,591,618	\$188,337,504	\$174,501,421	\$125,063,546

ASSETS.

Specie.....	\$ 6,767,167	\$ 6,673,974	\$ 6,128,070	\$ 6,065,302
Dominion Notes.....	10,789,413	10,734,520	9,795,380	10,728,926
Notes and cheques on other banks.....	5,996,309	7,270,397	7,567,498	6,461,154
Due from banks in Canada.....	3,730,957	3,856,907	3,266,981	3,052,344
Due from foreign agencies or banks.....	16,100,153	15,289,185	11,459,943	} 26,266,349
Do in U. Kingdom	1,295,804	1,805,893	1,269,602	
Available Assets..	\$44,679,803	\$45,630,876	\$39,487,474	\$52,574,575

	May 1891.	June 1891.	June 1890.	June 1881.
Govt. Deb. or Stock..	\$2,505,156	\$2,482,765	\$2,556,758	\$1,100,309
Loans to Dom. Govt..	525,010	624,935	864,644	1,298,017
“ to Prov. Govt..	1,951,557	2,048,052	952,651	
Securities other than Canadian.....	6,603,916	6,605,085	5,816,734	1,764,490
Loans on stocks, bonds, debentures.....	16,064,807	15,309,409	11,968,522	9,064,420
Do to Mun. Corp'ns	4,669,649	5,368,955	3,509,393	6,921,010
Do to other Corp'ns.	27,056,214	26,961,384	14,619,704	
Loans in or deposits in other banks secured..	529,288	368,925	462,685	121,740
Do unsecured.....	331,541	408,266	210,213	426,945
Discounts.....	151,181,199	151,211,660	153,081,973	113,729,771
Notes overdue not sec.	1,325,874	1,520,869	1,435,942	4,398,048
Overdue notes, sec'd.	1,282,667	1,320,202	1,371,865	
Real estate.....	983,608	1,003,218	968,811	1,836,859
Mort. on Real Estate sold by banks.....	786,962	814,029	723,738	3,532,763
Bank premises.....	4,269,408	4,303,362	4,034,970	
Other assets.....	2,454,554	2,509,151	2,552,607	2,198,322
Total assets.....	\$269,491,153	\$269,491,153	\$254,628,694	\$198,967,278
Director's liabilities...	\$7,090,636	\$6,579,121	\$7,282,584	\$8,939,239
Ave. specie for month.	6,668,292	6,650,442	6,201,623	5,855,602
Ave Dom. notes for month.....	10,601,033	10,691,416	9,691,919	10,752,590

MONTREAL CLEARING HOUSE.

For week ending	1891.		Corresponding Week 1890.	
	Clearings.	Balances.	Clearings.	Balances.
June 18	\$10,601,328	\$1,713,679	\$8,945,939	\$1,144,203
June 25	9,162,591	1,251,314	9,156,704	1,538,779
*July 2	7,112,746	1,163,459	7,362,051	1,111,972
July 9	11,899,931	1,709,789	10,431,779	1,370,607
July 16	11,685,827	1,880,140	8,799,976	1,188,020

*One holiday this week.

LOAN AND BUILDING SOCIETIES.

The following recapitulatory statement of the affairs of Loan and Building Societies in the Dominion of Canada, for the year 1890, is from the returns furnished by them to the Department of Finance, according to law, as summarized by N. S. Garland, F. S. S., F. S. A., the able clerk of Statistics.

Capital subscribed..... \$85,137,492.32

ASSETS.

A. Current Loans secured on

1. Real estate.....	\$105,535,648 71
2. Dominion securities .....	.....
3. Provincial securities.....	195 00
4. County or city securities....	26,222 95
5. Township, town or village securities.....	93,245 38
6. School section securities.....	107,550 80
7. Loan companies' debentures.	44,315 63
8. Loans to shareholders on their stock.....	810,949 46
9. Otherwise secured (description specified), in each return	2,207,683 04

Total 108,825,810 97

B. Property owned—

10. Dominion securities—present cash value	375,547 36
11. Provincial securities — present cash value.....	53,107 50
12. County or city securities—present cash value.....	824,091 28
13. Township, town or village securities—present cash value.....	742,260 15
14. School section securities—present cash value.....	143,650 61
15. Loan Companies' debentures.	210,145 66
16. Office furniture and fixtures.	27,061 47
17. Cash on hand.....	211,815 79
18. Cash in Banks.....	3,579,190 57

19. Office premises	1,153,017	14
20. Loans secured on real estate held for sale	2,726,507	05
21. Other property (description specified) in each return— present cash value.....	4,014,310	30
	<hr/>	
Total property owned....	.....	14,060,704 88
	<hr/>	
Total assets.....	.....	\$122,886,515 85
	<hr/>	

LIABILITIES.

1. Capital Stock fully paid up..	\$21,320,705	16
2. Capital Stock subscribed (\$83,717,873.32), upon which has been paid.....	12,333,707	79
3. Accumulating stock.....	1,004,898	85
4. Reserve Fund.....	9,801,173	95
5. Dividends declared and un- paid.....	1,018,960	09
6. Profits on accumulating stock	25,525	47
7. Contingent Fund and unap- propriated profits.....	1,141,813	79
	<hr/>	
Liabilities to stockholders.	.....	46,646,785 10
8. Deposits.....	17,893,567	03
9. Debentures payable in Can- ada	8,300,694	40
10. Debentures payable else- where.....	45,123,546	31
11. Debenture stock.....	1,572,215	54
12. Interest on deposits, debent- ures and debenture stock..	771,474	24
13. Owing to Banks	297,130	03
14. Other liabilities (description specified), in each return..	1,124,173	95
	<hr/>	
Liabilities to the public.	.....	75,082,801 50
	<hr/>	
Total liabilities.....	.....	\$121,729,586 60

NOTE.—Liabilities of the Scottish American Investment Company, Limited, amounting to \$9,158,519.68, not included, they being held in Great Britain.

LOAN SOCIETIES.

355

MISCELLANEOUS STATEMENTS.

Date of the establishment of the oldest company or society from which returns have been re- ceived.....	1844
Amount of dividend declared during the year...	2,601,300 21
Amount loaned during the year.....	21,039,086 99
Amount received from borrowers during the year	20,739,028 11
Amount received from depositors during the year	24,503,508 56
Amount repaid to depositors during the year.....	24,612,203 52
Amount borrowed for purpose of investment.....	61,290,427 55
Debentures issued during the year.....	12,379,612 80
Debentures repaid during the year.....	7,154,059 17
Debentures which will mature within one year...	7,991,918 15
Total amount of interest paid and accrued during the year.....	1,184,246 48
Expenses during the year, including commission, agency, and all other expenses at head office or elsewhere, not directly chargeable to or on ac- count of borrowers.....	930,270 91
Estimated value of real estate under mortgage....	216,769,604 12
Amount overdue and in default on mortgages....	2,055,427 96
Amount of mortgages payable by instalments...	25,322,227 67
Amount invested and secured by mortgage deeds.	102,572,174 67
Number of mortgages upon which compulsory pro- ceedings have been taken during the past year	886
Aggregate amount of mortgages on which com- pulsory proceedings have been taken during the past year.....	2,062,053 14
Value of mortgaged property held for sale.....	4,494,600 60
Amount chargeable against such property.....	3,929,092 36
Present cash value of investments on mortgages and other securities	118,382,420 94

—*Monetary Times.*

MINING AS AN INDUSTRY.

Cheap money, large bank reserves, low prices for stock and bonds, and bright crop prospects are all factors that should tend to develop a bull market ; but according to all reports, every rise in the security markets of the United States is promptly checked by selling orders, showing that the shrewd operators are shifting their burdens and laying in cash. Money is not idle from choice. No one desires to leave his coin in the banks or vaults if he can put it out where it will yield a revenue. Yet the vaults and banks are getting the money.

Experts in the money world find it easy to diagnose this situation. They all agree that it is founded on distrust in great part, and in some measure on dissatisfaction with the securities offered. When a railroad stock is advanced immediately before a meeting of the directors, on reports of increased earnings, and the meeting discloses that the reports must have been put out with the design of letting insiders unload, a lesson is taught the investing public in respect to that road which the public does not easily forget. When other railroad properties that feed profitable territory are offered in the market, upon statements that will not bear scrutiny, a suspicion is aroused which investors are not soon to quiet. Every one knows that, during the last year or two, public attention has been repeatedly called to reports from some of the railroad companies, in which juggling with figures was openly charged, and the management of those companies was arraigned for trying to deceive the public, in order that selfish ends might be served. On the other hand, in respect to properties of undoubted merit, the stock has ranged at such high prices as to promise only a small interest upon the investment, and those who have ready money and wish to put it out to advantage do not find in strictly first class stocks the revenue yield which they think they ought to secure.

This condition of the stock market in respect to railroad securities accounts in part for the favor with which industrial securities have been received by investors. It has, unfortunately, developed with some of the industrials, that those having them in hand have not always been honestly disposed, and that these properties have been subject to such violent fluctuations, and to such unscrupulous management, so far as quotations were con-

cerned, that investors take their financial lives in their hands when they enter the market for the purchase of industrials, which, if properly managed, ought to yield handsome revenues.

It need not be supposed that the market will languish for the want of something in which money may be profitably invested. The demand certainly exists for a class of investment which will promise a fair and reasonably safe return upon the hoard of idle money. There are already indications of a returning interest in the western mines. The statistical records of the production of the mines are most satisfactory to those who have engaged their money in such enterprises, and may well appeal to the attention of the general investor. According to the recent census, which is now compiled, the volume on "Mines and Mining" shows that the total value of the mineral products of the United States amounted in June of last year, when the census was taken, to \$556,988,450. This is the greatest total ever reported for any country. There are 30,000 industrial mining establishments in the United States, employing 512,114 persons, paying in annual wages \$212,409,809, and engaging capital to the amount of \$1,173,000,000.

These figures convey only a partial idea of what the industry of mining means. The entire Pacific slope, covering all of the territory west of the eastern line of Colorado, has been brought to its present condition of prosperity by the wealth taken out of the earth. Such cities as Denver and San Francisco, and others that might be named, rivalling in physical appearance and appointments the cities of the East, and resting financially upon a basis as solid as any other cities of the same population, were built from the products of the mines. The fact is beyond any kind of question, and is recognized by investors, that mining as an industry is perfectly legitimate, and that those who understand the business, and who apply to it the same sense and the same economy of management that are applied to other enterprises, secure from it a most generous return. The census figures and the reports collected by the commercial agencies of late years show that the proportion of failures in mining is less than the proportion of failures in other lines of industry, and that a good majority of the failures in mining have sprung from ignorance of the business or from mismanagement. The money kings of the West are living evidences of what may be done in mining by people who under-

stand the business. Making due allowance for so much of the great fortunes of some of the richest men as may have been made by speculation in the market, the fact remains that this wealth was created strictly within the territory of operations, and that it represents the intelligent application of good sense and business skill to the management of American mines.

Here are some figures from authenticated reports which show the returns obtained from mines now in operation, and whose shareholders are scattered throughout America and Europe. The Ontario mine pays regularly to its shareholders \$75,000 a month, and has paid altogether in dividends \$11,975,000. The Granite Mountain has paid in dividends \$10,900,000. It yields its shareholders regularly \$200,000 per month. The Homestake pays monthly \$25,000, and it has paid in dividends \$4,706,250. The Daly Mine pays \$37,500 per month, and it has paid to its shareholders up to date \$1,950,000. The Yankee Girl, upon a capitalization of \$1,300,000, has paid in the last nine months dividends amounting to \$455,000, and it has paid altogether in dividends over \$2,000,000. The property of the New-Guston Company, with a capital of \$550,000, has paid in dividends during the nine months ending April 15 of this year \$275,000, or at the rate of 80 per cent. per year. The total dividends paid by this mine from November 1, 1888, to April 15, 1891, amounted to \$722,500, or about 140 per cent. upon the capital. This mine furnishes a notable instance of what good management will do, because, when it fell under its present management, less than three years ago, the property was in process of reconstruction. Its former managers, in other words, did not know how to get out the treasure that belonged to them. The Idaho of California has just declared a dividend of \$15.50 per share on business of the last six months. Sixty-nine mines for the same period now announce dividends of nearly \$8,000,000. Investors are taking a good deal of interest in figures of this kind. They feel that with a mining property whose shares are well scattered, there is none of the temptation to the manipulation of stock which exists in regard to railroad properties or some of the industrials now afloat, and that if mining property should be offered in the market by men of experience in that line of business, and whose judgment and reliability are beyond question, the coming boom in the American market would undoubtedly be in mining investments.

Should such an event be among the probabilities of the near future, intelligent promoters of Canadian mining companies will reap a rich harvest, for the mineral resources of this country are unlimited, and only require to be brought before the public by promoters of known probity and experience to receive the attention that is their due. Mining in Canada is barely in its infancy. Our people, up to the present, have had neither the capital nor the experience necessary to develop this most promising of industries, their capital being locked up in other and, to the present wants of the people, more important lines. But within a very short space of time there must be a change. The forming of joint stock associations to administer and control our more prominent manufactures is rapidly calling in foreign capital and transferring it into the hands of native capitalists, whose faith in their country is unbounded, and whose eyes are ever open to profitable investment. The enterprise of the Canadian Pacific Railway, and the rapidity with which it is building up or assisting to build up the North-western and Pacific provinces, shows the material of which our wide-awake men are made. At present it is realized that many branches of manufacture are being overdone, that competition is reducing profit to a minimum, and that the country requires no additional capital for the formation of banks, loan companies or the like. Surplus capital must therefore seek investment in other channels, and what more promising an industry remains undeveloped than that of mining? It has been too long looked upon as a lottery. Unscrupulous promotion and inexperienced management have alike tended to give it an illegitimate character. Let these cease, and Canada will rapidly take its proper place among the countries of this continent, whose mineral wealth has ever been the envy of the world.

JOURNAL OF MERCANTILE LAW.

SUPERIOR COURT JUDGMENTS.

CLEARING HOUSE RULES—CHEQUE RETURNED AFTER 12 O'CLOCK.

LA BANQUE NATIONALE vs. THE MERCHANTS BANK OF CANADA.—A Clearing House for banks was organized in this city on the 20th of December, 1888. It was and is a purely voluntary association. Its purposes are to provide simple and expeditious facilities for the daily settlements of the banks with each other, by the effecting at one place and at one time of the daily exchanges between the several associated banks and the payment of the differences resulting from such exchanges. These objects are carried out in this way: Every morning at 10 o'clock each bank has at the Clearing House all the cheques and other demands it has received against all the other banks during the preceding day, making them up into separate bundles for each bank, with a statement on the cover showing the aggregate of the contents of each bundle. The settlement is made on these statements, without regard to the fact whether the contents of the bundle claims were correctly ticketed or formed good against the bank charged; thus each messenger is in a few minutes able to receive and take to his bank all the claims of the other banks against it. To attempt to examine and challenge securities at the Clearing House would make its purposes inoperative. These temporary Clearing House balances are subsequently verified at the bank by a scrutiny of the cheques and other demands of which they are composed. On the 30th of June, 1893, the Banque Nationale received from W. & G. H. Tate the firm's cheque on the Merchants Bank for \$5,759.39, to retire certain overdue endorsed paper, which the bank, however, continued to retain, awaiting payment of the cheque. At 10 o'clock on the morning of the 2nd of July—the 1st having been a holiday—the plaintiffs duly enclosed this cheque in its package of demands to be charged against the defendants, and received, but at what hour

does not appear, a Clearing House payment for the amount. Upon examination the Merchants Bank found that there were no funds to the credit of the Tate account to meet the cheque, and it was, as a consequence, on the same day, but at some time after noon, sent back to the Banque Nationale for redemption. It was refused, on the ground that the bank had already delivered up the notes, and, as a consequence, lost its recourse against their endorsers. It refused to take the risk of collecting the cheque, the badness of which was, in fact, determined by the failure of the Taits four days afterwards. To justify their course, the Banque Nationale relied on rule 5 of the association, which required dishonored cheques to be returned before 12 o'clock of the day on which they had been put through the Clearing House. Thereupon the Merchants Bank protested the cheque and all concerned. It so happened that plaintiffs, whose head office is at Quebec, had a considerable account current with defendants, and against the balance at its credit the latter forthwith charged up the cheque. Naturally objecting to having the difficulty solved after so summary a fashion, the plaintiffs now take action to recover the balance to which they would otherwise be entitled. Out of these issues these leading questions result: By law, or as between members, and under the rules and usages of the association, must a bank to which a cheque drawn upon it has been presented through the Clearing House return it, if not provided for, before noon of the same day, under pain of being held absolutely liable to the holder for the amount?

How far, if at all, is the presenting bank affected by the fact that it has not, during the overtime, altered its position or been in any way prejudiced by the delay?

It is almost surplusage to assert that the defendants' return of the cheque was sufficiently diligent, so far as common law was concerned. Previous to the Clearing House the undisputed practice was to return at three o'clock; to hand in a cheque to a bank creates no obligation on its part to notify the holder that it will not be paid. The duty lies upon the latter to call and enquire. *Jenne v. Ward*, 2 Stark, 326; *Overman v. Hoboken City bank*, 1 Verom, 61; 2 Verom, 563; *Chitty Bills*, 175; 4 *Parsons Bills and Notes*, 284; 1 *Morse Banking*, 409.

In *Bellasis v. Hester*, 1 Ld Rayner, 280, twenty four hours was not thought too long for a bank to investigate its accounts before

answering whether it would pay or return. See also Kilsby vs. Williams, 2 ; Barn and Ald, 515 ; Boyd & Emerson, 2 Ad and E. 184. Some United States decisions are to the same effect.

We are thus left to enquire if there existed between these parties some special contract or usage, or mode of dealing, which separately or unitedly created a liability against defendants which would not have existed under any general principles of the commercial law.

At an adjourned meeting of bankers, held on the 20th December, 1888, the committee appointed to frame a constitution " reported that they deemed it advisable to defer that question until a later date, but submitted the following rules under which the Clearing House could be temporarily managed." Thereupon these rules were unanimously adopted, and I find them introduced into the minutes under the following heading: " The undersigned banks agree to the following rules and regulations for the temporary arrangement of the Montreal Clearing House. As a matter of fact they were not signed, but an agent of defendant was present at the meeting. Rules 3 and 5 are those which now interest us, and read thus:—

3. The hour for making exchanges at the Clearing House shall be 10 o'clock a.m. precisely. All debit balances must be paid into the clearing bank between 12 and 12.30 o'clock of same day; and between 12.30 and 1 o'clock p.m. the creditor banks shall receive from the clearing bank the balances due to them respectively, provided that the balances due from the debtor banks shall then have been paid. But on no condition shall any creditor balance or portion thereof be paid until such debtor balances have been settled. The medium to be used in clearing shall be legal tenders of the largest possible denomination.

5. Errors in the exchanges and claims arising from the return of cheques, or from any other cause, are not to be adjusted through the clearing bank, but directly between the banks interested; and all cheques, drafts, notes or other items in the exchanges, constituting such errors, shall be returned without intentional mutilation to the bank from which they were received, before 11.45 (altered by resolution of the association 17th January, 1890, to 12 o'clock noon) of the same day; and in case of the refusal or inability of any bank to promptly refund to the bank presenting such cheques, drafts or other items so returned, the

bank holding them shall report the amount of same to the manager of the Clearing House, whose duty it shall be to take from the settling sheets of both banks the amount of such cheques, drafts, or other items, so reported, and to re-adjust the clearing statements and declare the correct balances in conformity with the changes so made; provided that such report of default shall be given to the Clearing House manager before 12 o'clock noon, after which hour any differences must be adjusted without reference to the Clearing House. At the annual meeting held on the 17th January, 1890, it was resolved, *inter alia*: "Also the association discontinue the use of debit slips for returned cheques between banks as likely to lead to abuses, and that payment be made in cash, as at first; and that the hour for returning cheques be extended until 12 o'clock noon." It is not contended, on behalf of plaintiffs, that rule five by itself, or any proven or like usage by itself, or both combined, would be sufficient to hold defendants because of a mere failure to return the cheque before noon. Argument at the bar did not go beyond the point of asserting that the liability would exist if the presenting bank had, by reason of the default, been induced to alter its position, as, for example, to abandon securities in the belief that the conditional acceptance of the morning had been verified and made absolute by the receiving bank. Some of the authorities speak of a payment of this kind as being like one made under mistake, but I can only distantly so assimilate it. Even if the receiving bank knew that the bundle contained a worthless cheque it would still pay, subject to after correction. In *Preston vs. Canadian Bank of Commerce*, 23 Fed. Rep. 179—absolute effect was given to a somewhat like rule, irrespective of whether the refusing bank had changed its position or not. The weight of jurisprudence in the United States, however, is in the direction of not considering the rule as effective, unless there has been a consequent loss. In all cases it has received a very strict reading.

Boston—Merchants National Bank vs. Eagle National Bank, 101 Mass. 282. Boston—Manufacturers' National Bank vs. Thompson, 129 Mass. 438. Boston—National Exchange Bank vs. N. B. of N.A., 132 Mass. 147. Boston—Mer. N. B. vs. N. B. of Commonwealth, 139 Mass. 513. New York—Stuyvesant B. vs. N. Mechanics Banking Ass., 7 Lans 197. 1 Morse Banking, 349 and seq.

The evidence on defendant's allegations of usage and practice make dead against them. Mr. Giroux, of the Hochelaga Bank, says that his bank refuses to receive cheques returned after twelve. Mr. Brunet, plaintiff's manager, naturally thinks a bank entitled to refuse. An instance of a refusal by the Bank of British North America and of another by the Hochelaga Bank are also given. On the other hand, representatives from leading banks in the city testify that no such usage or practice exists, and that the rule is practically and in reality a dead letter. Mr. McDougall, manager of the Quebec Bank, and chairman of the association, says that the rule "is not acted upon." Mr. Penfold, local manager of the Bank of British North America, says that cheques returned after noon are "as a general rule paid." He recalls the one refusal above referred to. "By no means," he adds, "would I consider that the passing of the hour was sufficient to make me think that the cheque was paid."

Mr. King, accountant of the Canadian Bank of Commerce, says that he has never known a cheque to be refused; he always considered it in time if on the same day, "the hour made no difference."

Mr. Wilgress, Bank of Montreal, does not know of a case of refusal; the return of cheques after twelve is of "daily occurrence."

We have to add to these distinctive statements the fact that the rule was only passed as a "temporary arrangement." In the clearing houses, whose rules were at issue, in the cases just referred to, I find, so far as I have been able to peruse them, that a formal constitution existed, duly passed and officially signed by each of the banks. The Boston Clearing House rules, to which all the Massachusetts decisions referred, and also, unless I am mistaken, the Preston case, after fixing the time of return, add the words "and in no case shall be returned after." Custom results from a long series of actions constantly repeated, which have by such repetition and by uninterrupted acquiescence acquired the force of a tacit and common consent. (Civil Code of Louisiana, ch. 1, art. 3.) Ferriere, dict. de droit. The observance of a practice by an isolated bank, or isolated instances of refusal by other banks, do not constitute a usage. We must also remember that the usage claimed is not one which leads us to some large and equitable method of business affairs. Its applica-

tion means a condemnation to pay without value received. It is highly in the nature of a forfeiture, and moreover a forfeiture not expressed in terms in the rule under consideration. In all the cases cited the rules and course of business ran hand in hand. In *Overman vs. the Hoboken City Bank*, the usage is expressly declared to be "the said bank thus failing to return the said cheque shall be liable to the holder thereof to pay the amount of the cheque, whether having funds of the drawer or not" (I. Vroom, 61). "Custom and usages," said the Chief Justice Whelpley, "in derogation of the common law must be strictly pleaded; and when well pleaded the count must show a case clearly within the usage. If a case can be conceived calling for the application of the rule it is the present, where it is attempted to make the defendant liable, by mere force of usage, to pay a cheque of a drawer without any funds of his in its hands" (I. Vroom, 65). In the Court of Appeals express mention was made of the proof of usage (II. Vroom. 565). I have so far dealt with the case as if the details of the transaction as stated by the plaintiffs stood unchallenged. But many of the more important of them are seriously disputed. W. & G. H. Tate's liability at the close of the bank on the afternoon of the 30th of June was as follows:—

Note endorsed D. Hatton & Co., protested 20th June, for.....	\$ 850 00
Draft protested for non-acceptance on June 23rd for.....	1,302 30
Note endorsed by J. & R. Weir, said to be "noted for protest," 29th June.....	2,500 00
Note endorsed by D. Hatton & Co., said to be "Noted for protest," 30th June, for.....	1,100 00
	<hr/>
	\$5,752 30

Mr. Brunet, defendant's manager, swears that when the cheque was brought in at about 3.30, he asked why it was not accepted, and was answered that it was too late. He replied that he would not give up the notes until he saw if the cheque was good. G. H. Tate on the other hand swears that he informed them there was no funds, and that he would try and cover it on the 2nd. He asked them not to present it until then. Mr. Brunet made some remarks about its having to go through the Clearing House. Both witnesses testified in this and other respects in evident good faith. Which ever recital is correct, the circumstances were such as to excite great caution in dealing with the cheque.

Again, Mr. Brunet swears that between 12.30 and 1 on the 2nd July, Tate appeared at the bank and asked for the notes, that he (Brunet) in turn asked the teller if the cheques were all right; that the teller answered "yes, it has been paid," and that thereupon the notes were delivered over. Tate, on the other hand, swears that he only received the notes on the 3rd, and that they were voluntarily and without request delivered up to him. Presumption is in favor of the notes having been delivered on the 2nd, for such was the reason stated by Brunet to have been given to the Merchants Bank clerk, Durand, when offering the cheque, and Durand has not been called to contradict it. On the other hand, presumption is in favor of Tate's statement that the notes were not asked for. It is hard to believe that he would have ventured to make such a request, knowing as he did that his cheque was not covered. But one other fact remains to be noticed. Durand was not the first who tendered the cheque. A messenger named Fulcon, now dead, had been previously entrusted with its return. Mr. Benoit, the assistant manager, recalls that some person, not a bank officer, did offer it to him, and that he referred him to the manager. Of that interview Mr. Brunet does not speak. What the position of the plaintiffs then was as to possession of the notes is not shown. I have asked myself if the plaintiffs on being paid the Clearing House balance became eager to be rid of the notes as soon as 12 o'clock had passed. I do not feel that the evidence justifies an affirmative answer. Objection was taken at the argument, both to the form of the action and the form of the pleadings. No law action issue was raised, and it appears to me that the pretensions of both parties are before the court in a reasonable and common sense form. It is admitted that previous tenders supplemented by the deposit made with the plea discharge defendants from liability, unless they can be held for the amount which the Tate cheque represented. I do not find it necessary to enter upon the question of whether a promissory note could under the old law be lawfully "noted for protest," instead of being fully protested on the due date. The informal manner in which rule 5 was passed, its alleged temporary character, its non-user, the non-existence of a usage such as plaintiffs allege, the contradictions as to fact, the ample reasons which plaintiffs had for being wary of the cheque, the penal nature of the claim, the strict proof to which plaintiffs must be held of the existence of

their claim in law and fact, all unite in leading me to the conviction that the action ought to be, as it is, dismissed with costs.

PREFERRED CREDITORS.—Judge Reilly, of Detroit, has rendered his decision in the case of the Bank of Montreal *et al. vs.* the J. E. Potts Salt & Lumber company. It not only construes a point of difficult law, but involves an important principle in failures, and is ably prepared. Judge Reilly has held that the mortgages given by the J. E. Potts Salt & Lumber company to the Bank of Montreal and numerous other parties are valued. This decision sustains the corporation in its discrimination of certain of its creditors whom it chose to prefer, and leaves the unsecured creditors \$700,000 less of assets out of which to satisfy themselves. The common notion has been that an insolvent corporation has no right to distribute the assets except *pro rata* among all of the creditors. The judge does not do away with this belief, but makes the point that temporary financial inability to tide over a stringent money market or to meet maturing notes with borrowing is not conclusive evidence of insolvency. In the Potts case he considers that instead of being in the right of preferred creditors, those who secured mortgages were *bona fide* creditors. The mortgages, furthermore, did not cover all the property of the corporation "until proceedings to dissolve the corporation under the statutes," said the judge, "or upon sequestration of the corporation's assets and appointment of a receiver. The corporation has control of its assets and may sell and mortgage like any individual."

A TELEPHONE CASE.—An interesting electric light case, the first of this nature in Canada and the second in all America, came up in the Equity Court, St. John, N. B., July 13th. The St. John Telephone Company were plaintiffs; the St. John Gas and Electric Light Company defendants. The plaintiffs apply for an injunction order to restrain the defendants from operating their plant so as to injure or impair the efficiency of the telephone system. They complain that the defendants transmit their electric currents through wires placed on the same side of the street as previously occupied by the telephone lines, or through wires running along plaintiff's wires or through circuits in which the return conductors do not traverse the same route parallel with the out-going currents, and that they operate their plant

so as to endanger the property of the telephone company and their subscribers, and that they use the alternating system of lighting in such a manner as to cause induction in the telephone wires and string their wires in such a way as to cause contact of the wires in case of either falling, which contact would endanger life and property; and that they form magnetic circles in districts where there are telephone connections. The defendants claim that the mode suggested by the plaintiffs would not prevent the buzzing noise of the telephones, and the only efficient mode of remedying the evil would be for the plaintiffs themselves to put in complete metallic circuits. This, the plaintiffs say, would put them to such an expense that it would make their business a complete financial failure. The Attorney-General, arguing for the plaintiffs, claimed that either company had a right to use the earth as a return conductor, so long as they not interfere with any one else, and he contented that the defendants were using it to the detriment of the plaintiffs, so as to ruin their business entirely. His honor Judge Palmer suggested that the matter be left to competent persons to determine the rights of all parties in the matter, to discover a mode of remedying the evil, and to determine how much of the expense should be borne by the gas company and how much by other companies in the city, which do now, or which may hereafter, interfere with the telephone system. The council have undertaken to have a meeting of representatives from the different companies, and to report the understanding to the court.

COMMERCIAL CABLE COMPANY.—Among dividends recently announced, the Commercial Cable company has declared a quarterly one of $1\frac{3}{4}$ per cent., payable on or after July the first. Since this company's stock was listed on the Montreal stock exchange, considerable transactions in it have taken place, partly, we understand, on Ottawa, Toronto and Halifax account. The company's net earnings for 1890 on its capital of \$7,716,000 were over 14 per cent., leaving, after paying dividends, over \$600,000 carried to the reserve, which was used to cancel £120,000 in bonds which were due in January last. From the report of the management it seems it is the policy of the directors to pay seven per cent. in dividends, and to use the surplus for the redemption of the mortgage bonds of the company. The London Stock Exchange has recently granted quotations to \$500,000 of new stock issued by this company.

BANKING AND FINANCIAL NEWS.

MISCELLANEOUS BANKING AND FINANCIAL ITEMS.

QUEBEC.

The Sherbrooke Telephone Association has voted to increase its capital stock by \$10,000.

A by-law granting \$25,000 to the Sherbrooke Worsted Company has been approved of by the electors of Sherbrooke and sanctioned by the Lieutenant-Governor.

St. Henri has just voted a by-law empowering the municipality to borrow \$50,000. The property represented by the vote in favor of the loan was \$572,000, against \$113,000 in the negative.

The Mutual Loan and Building Society is a new building Society which started business on July 6th, in Montreal. Among the incorporated members are H. W. Austin, J. M. Campbell, E. Auld, R. Prefontaine, M.P., P. Martineau, C. E. Leclerc, W. Leithead, Geo. W. Parent and others.

The monthly statement of the City & District Savings Bank, Montreal, shows that on June 30 last, the total liabilities were \$8,442,656, and the total assets \$9,525,606. On the same day the liabilities of the Caisse d'Economie Notre Dame de Québec were \$2,969,653, against assets of \$3,326,073.

Commenting on the May Bank Statement, a financial contemporary says:—
 "The state of trade throughout the country must assuredly be better than last year, for the increase of specie and Dominion notes and bank notes—about 1¼ millions more of cash—is *this year finding employment.*"

The Danville Slate Company gives notice that it is going into liquidation, and creditors are requested to file claims with Messrs. J. C. Stockwell, J. S. Ridale and James Morrill, of Danville, by the 21st inst. The company manufactured school slates, but the market is a limited one, and the accumulated stock has been hard to move for some years past.

The Bell Telephone Company has absorbed the Federal Company, a re-construction of the directorate of the latter having been effected by the infusion of new blood representing the Bell. Although in the nature of a monopoly this new move is likely to prove in the interest not only of Federal shareholders but also of all who appreciate the benefits of telephonic communication.

At a recent meeting of the council of the municipality of Brome, the secretary presented a statement of the position of the balance due upon railway bonds. As it appeared that to meet the \$10,000 worth of bonds now would entail the levying of a tax of eleven mills upon the dollar it was determined to take the opinion of the taxpayers upon a proposition to take up \$1000 a year for ten years.

The Hon. Mr. Justice Bosse, Mr. Siméon Lesage, Deputy head of Public Works of Quebec, and Messrs. Chs. Lacaile, C. A. Geoffrion, N. Villeneuve and N. B. Desmarteau, of Montreal, will apply for letters patent incorporating them under the name of the "Association des Terrains sans Bruit." The object of the new company is to sell and buy lands. The chief place of business will be in Quebec, and capital stock \$20,000.

ONTARIO.

An agency of the Bank of Hamilton has been opened at Lucknow, Ont. Banker Allison, of Belmont, Ont., is said to have absconded, leaving mourning creditors.

The Ontario Bank has opened a branch at Amherstburg, Ont., under the management of Mr. Harvey from Ottawa.

The MacGregor Lake Phosphate and Mining Company, limited, has been incorporated with a capital stock of \$60,000.

The Bank of Toronto and the Molsons Bank have opened savings banks in connection with their branches at Brockville.

The sum of \$118,000, due 1st July on the \$60,000 debentures outstanding against the Toronto Street Railway, has been paid by the city of Toronto.

The Imperial Bank at Rat Portage will be open in future from 7 to 9 p.m., on the 15th of each month, in order to facilitate the cashing of cheques by mill employees.

Mr. M. Hodder, for the past twelve years with the Ingersoll branch of the Merchants' Bank, has received the appointment of accountant to the Walkerton branch of the same bank.

Maitland Young, jr., of the Bank of Hamilton, one of the most prominent young men of the Ambitious City, was drowned in Burlington Bay, 5th July, through the capsizing of his canoe.

The *Hastings Star* says that arrangements are about completed for opening a branch of the Merchants' Bank in Campbellford. The *Campbellford Herald* has not yet heard that such is the case.

The unrealized assets of the Central Bank (in liquidation) have been offered for sale by the liquidators, authorized by the Master-in-Ordinary, Osgoode Hall, Toronto. Tenders were receivable up to the 15th July.

Owing to advanced age and failing health, Mr. George Suffel, manager of the Southwestern Savings & Loan Society, at St. Thomas, has tendered his resignation, and Mr. W. E. Leonard has been appointed to the position.

The purchase money for the electric light property has been paid by the Hamilton Light & Power Company to the Canada Permanent & Loan Company. Legal transfers have been made, placing the new company in entire possession of the property.

The shareholders of the Dundas Cotton Mills have abandoned the estate, and will lose everything, so that the bondholders will have to sell to save themselves. The sale will likely take place some time within six months. The council will be asked what the town will do in the way of offering inducements if the mills are sold and run.

The tellers in the banks at Orangeville have detected one or two raised bills which were lately presented. The raising, though rather cleverly executed, can easily be detected if a person takes time to look at the bill. The Government legal, which reads:—"The Dominion of Canada will pay to bearer two dollars," is altered by means of pen and ink to read:—"The Dominion of Canada will pay to bearer ten dollars."

The *Toronto Globe's* London correspondent cables:—"I understand that Goschen, Chancellor of the Exchequer, has so far acted on the report of the select committee on Emigration as to slightly modify the terms on which the Government offered an Imperial loan to British Columbia for Crofter colonization purposes, and the revised terms will most probably be accepted by that province.

In the accident of the Winnipeg express on the C.P.R., at Straight Lake, the sum of \$20,000 which was mailed from two banks in Ottawa to Winnipeg was destroyed, but there are sufficient portions of some of the second bundle to enable the banks to recover several thousand dollars. Who the actual losers will be is not known, but it is stated that the money was sent on the orders and at the risk of those to whom it was addressed.

A warrant has been issued for the arrest of George P. Buchanan of Paris, a former manager of the Bank of British North America, Brantford, who absconded last November. In September, 1890, Buchanan, it is alleged, forged notes on William Simpson for \$1,200, on James Scott for \$1,800, and on John Richardson for \$1,00. All of these notes were made payable four months after date. It is surmised that he and John McMillan, the missing lawyer, who were close friends, are together in Mexico.

The Trustees for the unguaranteed portion of the Sinking Fund of the Dominion are the Minister of Finance, Baring Bros., and Glyn, Mills, Currie & Co., and for the guaranteed portion, the High Commissioner, Lord Revelstoke, the Permanent Secretary of State and the Permanent Secretary of the Treasury. The amount of the Sinking Fund is \$25,959,250; of which \$19,613,760 is in Canada Dominion Stock and \$6,259,506 consists of debentures, and is payable to bearer. The interest on the fund is \$918,461, and is paid the trustees to be re-invested by them in further securities and added to the fund. A commission of one-half of one per cent. is paid by the Government on this interest. Where Dominion Government debentures have been purchased or redeemed, they are placed in the care of the Bank of England.

"In view of the recent disturbance among the shareholders of the Empire, Investment and Loan Company, whereby many shareholders were induced to sell their stock below its value, with a possibility of a re-occurrence of the agitation coupled with increasing competition in the business and a declining demand for loans, your board determined to invite proposals from several loan companies for your society's business, which has resulted in the acceptance by your board of the proposal of the Dominion Savings and Investment Society, and the agreement has been entered into for the transfer of your securities and business." Such are the reasons given in a circular for the winding up of the Empire Loan Co.'s business at London, Ont. It is claimed that the company is perfectly solvent.

MARITIME PROVINCES.

The Nova Scotia sugar refinery has declared a half yearly dividend of $2\frac{1}{2}$ per cent.

S. Boak, of the head office of the Union Bank, will succeed C. Strickland as agent of the branch at North Sidney.

The public accounts of Prince Edward Island for last year exhibit a deficit of \$80,912, the receipts being \$222,882, and the expenditure \$305,799.

The Bank of Nova Scotia is about to erect a handsome brick building with Amherst stone trimmings, at Yarmouth, N.S., at an estimated cost of \$16,000.

The New Brunswick Aid Life Insurance Company has collapsed. This was an assessment company started about four years ago. Premier Blair is its president.

The N. B. and P. E. Railway is one of the best paying lines in Canada. Its earnings in the last fiscal year were \$26,612; expenses \$13,465. The result of good management.

The Provincial Secretary of Nova Scotia, Mr. Fielding, has left for London to negotiate a loan of \$1,200,000, the sum required to pay off the floating debt of that province. If these efforts are successful, before the close of the present year a debenture debt of over three millions will have been placed upon the province by the Government.

The city assessment in St. John, N.B., just made up for this year, shows that there are 10,571 ratepayers, a gain of 318 over last year. Real estate is valued at \$12,264,600, an increase of \$413,400, while property and income is put at \$24,543,000, a gain of half a million dollars. There is a decrease of \$90,000 in personal property. The percentage of assessments on every hundred dollars is \$147, an increase in the percentage of two cents.

MANITOBA AND WEST.

The Imperial Bank is considering the advisability of opening a branch at Edmonton.

The attempt to start a smelting and mining company in Nelson, B.C., has failed. The amounts subscribed towards the undertaking are being refunded.

The Commercial Bank of Manitoba has issued handsome new \$5 and \$10 bills. The portrait of President Macarthur adorns the front of the new notes.

The manager of the Bank of Montreal branch at Brantford, Mr. A. J. C. Galletly, has received the appointment of manager of the branch of the same bank at Vancouver, B.C.

The London Stock Exchange has granted quotations to \$2,027,600 additional consolidated mortgage 6 per cent. gold bonds (reduced to $4\frac{1}{2}$ per cent.) of the Manitoba Railway.

For the month ending June 30th, the transactions at the Dominion Government Savings Bank in Winnipeg were: deposits, \$19,493; withdrawals, \$23,027.54; withdrawals exceed deposits by \$3,624.54; balance due depositors on 30th June, 1891, \$753,999.12.

The Kootenay Safe Deposit Company will be ready within a few days to do a general banking business at Nelson, B.C. Mr. Taylor, the manager, is from Kingston, Ontario, and was formerly the manager of the Vancouver branch of the Bank of British North America.

A. J. Jackson, general manager, and A. W. Belfry, travelling agent, of the Canadian Mutual Loan and Investment Co., head office Toronto, have been in Winnipeg with a view of establishing a branch of their company in that city. Their mode of doing business is on the building society plan.

The Stadacona Silver-Copper Mining Co. Limited Liability is the name of the company who have organized for the purpose of developing the Grizzly Bear mine, an extension of the famous Silver King. The trustees are P. C. Dunlevy, C. T. Dupont, John Grant, John Irving, and C. D. Rand. The head office is in Victoria. One-half interest in the property is retained by Mr. C. E. Boss of Spokane.

Another extensive investment of English capital is reported from British Columbia. The Moodyville saw mill property, according to the Vancouver *News Advertiser*, has been sold to an English company, the price paid being in the neighborhood of one million dollars. There are many indications that British capital will increasingly find its way to the Pacific province now that attention has been drawn to the country's great resources.

The amount required for interest on debentures, current municipal purposes and public schools by the city of Winnipeg, is placed at \$389,327, and the amount of rateable property in the city is estimated at \$19,944,270. A by-law has been passed authorizing a rate of 15.3 mills on the dollar, in order to provide for interest on debenture and current municipal expenditure, and a rate of 4.2 mills for school purposes. The by-law also provides for a poll tax of \$2 on every person not otherwise taxed or whose taxes are less than \$2.

Plans and elevations for the Bank of Montreal's new branch in Vancouver have been prepared. The design shows a handsome front of three full storeys with basement and lofty attic. A tower on the corner and gables on either front break the outline, while a porch and other details are richly ornamental. The material to be used will be stone. The bank owns 100 feet on Granville street, and the building for its own use will be erected on the corner, with a frontage of 50 feet on that street and 65 on Dunsmuir street. On the remaining 50 feet on Granville street a building of two storeys and basement will be erected for rental for office or business purposes, provision being made in the design for adding one or more storeys in the future.

The sales of land by the Canada North-west Land Company continue to increase, says the *Free Press*. From the 15th of June to the 1st inst., 6,000 acres were sold for \$32,000. During the first half of the year the sales aggregated 2,000 acres more than the entire year 1890. The Ontario and Qu'Appelle Co. is also doing much better this season, and several large sales of land are reported. The outlook for these properties is bright.

The B. C. Deposit and Loan Company (Ltd.) is the title of an association recently organized by a number of leading Victoria capitalists, for the purpose of investing and lending money on mortgage security in the Pacific Province. The company have secured the services as manager of Mr. J. Keith Wilson, a gentleman of wide experience in financial matters, having been for nineteen years in the service of the Bank of British Columbia, of whose Seattle branch he was until recently the manager. The capital of the company is placed at \$5,000,000, with power to increase, divided into 10,000 shares of \$50 each. The Hon. Sir Joseph Trutch is chairman, and among the board of directors we note the names of leading Victoria merchants.

UNITED STATES.

A man has been arrested in Ohio for selling notes of a defunct Canada bank.

It is estimated that the dividend and interest payments on July 1 in the cities of New York, Philadelphia and Boston will reach \$112,000,000, in the proportion of \$90,000,000, \$10,000,000 and \$12,000,000 respectively.

Not many people know the name of the lady whose profile graces the coinage of the United States. Her name was Miss Anna W. Williams, and she has long since passed away. She was the beloved of the skilled engraver who made the design, and he traced her features. The design was accepted, and she has become immortal.

The amount of money earned in America, and expended in Europe by Americans who live there more or less permanently, approaches \$50,000,000. It is also estimated that at least fifty thousand Americans have sailed for Europe since the beginning of Lent, and it is believed that the expenditure of this army will average \$1,500 each. This makes \$75,000,000.

Brooklyn is one of the wealthiest cities in the United States. It tried to float a four per cent. loan the other day, but failed. The fact is suggestive of the condition of the money market, and contains a pretty broad hint that municipal corporations will have to go slower than they have been in the habit of going in the way of borrowing and spending.

The amount now in circulation in the United States stands at 1504 millions, a larger sum, says Henry Clews of New York, than ever before at this season, and larger also than at the times of heaviest crop demands. In 1888, the year of big crops, the total circulation was 1371 millions, while now the amount in circulation is 1504 millions, a showing of 133 millions in favor of this year. Further evidence of confidence in the future of money is shown by freer offerings in time money extending from 60 days to eight months.

"The decrease in the amount of deposits in the savings banks of the State of New York is thus explained by the president of a prominent bank in this city:" says the *Monetary Times*, "I do not attribute the falling off to any diminished thrift on the part of the people. The greater portion of the cash diverted from the bank finds its way into building and loan associations and other similar enterprises, which tempt small capitalists and the working classes generally."

THE WORLD OF FINANCE.

A CURIOUS BIT OF HISTORY.—Mr. Goschen, Chancellor of the Exchequer, recently introduced a bill in the British House of Commons, which recalls an interesting piece of history. It is called the Russian-Dutch Loan Bill, and asks for authority to pay off the small remnant of the Russian loan of 1815, raised in Holland, for which Great Britain is responsible. The loan amounted to 51,000,000 florins, and was made in Amsterdam under the auspices of Messrs. Hope & Company. Great Britain undertook to pay the interest at five per cent. on 25,000,000 florins, to make a return to Russia for the expense of delivering Holland and Belgium from Napoleon. It might be supposed, says a London paper, that the great Napoleon had cost the British people directly quite enough in the matter of war expenditure, but that apparently was not the view taken in 1815, and so they have been paying interest and sinking fund on the loan ever since. By the end of 1886 the loan was reduced to 7,250,000 florins, and at the end of last year it was exactly a million less, being equal to £516,529. Russia wishes to pay off the loan, and the present bill is to authorize the borrowing from the National Debt Commissioners of the sum necessary to redeem the British portion simultaneously. The money borrowed is to be repaid to the commissioners within fifteen years, and the Consolidated Fund is to provide for the interest and repayment. Those were the days when Russia and Great Britain were on more friendly terms than they have been for some time; and those were the days when English blood and treasure were freely expended to prevent continental Europe being conquered and governed by a despot.—*Montreal Herald*.

BRITISH SYNDICATES.—While there has been a sensible decline in the disposition of English capitalists to invest money in industrial enterprises in this section of the country, certain large undertakings are going on in the Southern States under English direction, which have not only already absorbed large quantities of British gold, but are likely to call for considerable further expenditures before they are in a condition to bring in any returns to their investors. One of the most notable instances of this kind is the town of Middlesboro in Kentucky, which has been planned and laid out almost entirely under foreign auspices. This newly created town lies in the centre of an iron and coal region, which, it is believed, can be developed to the great profit of those who are concerned in this enterprise. Millions of dollars have been spent in constructing railways, furnaces, foundries, laying out streets and building hotels and dwelling houses, so that a place which two years ago had but a few score of inhabitants is now said to number within its borders quite 5,000 people. Considering the not altogether favorable outcome to some of the southern town ventures which have originated in and around Boston, the future of this undertaking, which has been carried on upon a much larger scale than any other, is one of not a little in-

terest. There is not much doubt that the natural resources, which furnished a reason for this enterprise, are all that they have been represented to be; but it frequently requires, even under the most favorable conditions, several years to properly establish great lines of business, and the danger is that it may be with Middlesboro as it has been with other places, that the interval between the time of spending these great sums of money and the time when satisfactory returns are received upon the investment will prove to be to the investors a tiresome and disheartening delay. On this account it may be with this venture, as with others of its kind, that those who come upon the ground later will be able, at relatively moderate outlays, to reap the reward which the original promoters had not the patience or the financial strength to wait for.—*Boston Herald*.

BEARING STOCKS.—It is one of the easiest things in the world for a sharp broker to engineer a successful "drive" against a somewhat inactive investment stock, particularly in a dull market. There is hardly a stock on the list in which there are not a number of stop orders; and no matter how secret and close may be the relation existing between the broker and his client, other brokers are very apt in such cases to discover the amount of stock represented in a stop order, and the price at which the peg has been driven in. The sharp broker who is on the lookout for cheap stock is thus provided with the ammunition needed to conduct a successful gunning expedition. His opportunity soon comes, and on a dull day, at a time when the friends and supporters of the stock in question are fortunately absent from the room, he saunters up to the pole and begins offering it down. He possesses none of the stock in question, but that makes no difference to him, other people possess it, and so he offers it down till it reaches the stop order which the other broker holds. He "scoops" the stock, the price reacts, and later on he sells, thus realizing a neat little profit at the expense of the gudgeon who was foolish enough to place a stop order in the market. These little forays occur every now and then. In fact, "gunning for stop orders" is a favorite pastime among a certain class of brokers, and, singularly enough, they are the men whose complaints are the most bitter, because the dear public continues to fight shy of the market, and also because such illegitimate gambling dens as "bucket shops" are allowed to exist in a moral community like ours.—*Boston Daily Advertiser*.

SPECULATION IN STOCKS.—Now and again, but rarely and at irregular intervals, there are scenes of activity in the market, called by courtesy booms and depressions, but possessing little resemblance to genuine old-time booms, when daily transactions amounted to 500,000 shares and upward. Since those days stock speculation has undergone a great change,—shall it be said a permanent change? It would seem so. The chronic dullness of the stock market has robbed that institution of much of its former importance, and has led to much discussion in print and out of print as to the causes of the decline in this method of money making. To-day's *New York Commercial Bulletin* discusses intelligently the topic of "Dullness in Speculation."

It says, and very properly, that there is a whole bundle of causes for the

existing state of speculative affairs at the New York Stock Exchange. Among the items going to make up its bundle are the extension of speculation in various forms through other exchanges and boards, investments in industrial securities, speculation in real estate a few years ago, which transferred funds from the hands of speculators to the hands of farmers and others not given to speculation, the conduct of speculative markets themselves, and to the ebb and flow of speculation which characterizes every country. The present it considers the natural season of speculative apathy, and it counts it good fortune that, in view of the prospective demand for money, cautious dealings in stocks continue.

There is subject for profitable thought in all of the above causes. No single cause can be assigned which fully accounts for the spiritless condition of the stock market. If one cause is to be selected from many as most comprehensive, it is that people do not speculate because they cannot make money in the business. It will hardly be claimed that the moral objection to stock gambling would prevent active speculation, if speculation produced the fortunes of other days. Why money cannot be made as formerly is obvious. Speculation has over-reached itself, has become too scientific, has "killed the (public) goose that laid the golden egg." A small body of professional traders has taken the place of the army of traders in years past. These traders subsist upon one another, and as one after another drops out, the ranks are recruited to considerable extent by men who have inherited more money than intellectual capacity from a successful ancestry.—*Boston Herald*.

THE FINANCIAL CONDITION.—This country has not lacked for men at the head of its leading banking institutions, who had the prudence and the pluck to give needed warning and sound advice to the people year by year. And in addition to their public utterances we cannot doubt that, as opportunity arose, they also privately warned the heads of commercial and municipal institutions against imprudent or hasty expenditure, public or private, the overdoing of business of almost every kind, and the taking of excessive credit, because, unfortunately, credit was easily obtained. It is as true to-day as it was a quarter century ago, when Carlyle declared to the Edinburgh students that "there is a great deal of faithful advising but very little faithful performing." Business men and public administrators are very apt to go to the full length of their tether, without much heeding the danger signals held out by persons whose positions enable them to take a wide view of the course of events, and who treasure up the lessons of experience. One is impelled to ask, however, whether bankers themselves do not sometimes require to be reminded of the adage, *Quis custodiet ipsos custodes?*—"Who shall keep the keepers themselves?" While we do not say that the heads of our great banks need to enforce within their own domain the practical observance of the prudent theories they offer for the regulation of the public, there is nevertheless a strong feeling in business circles that in the excess of credit so often lamented, bankers themselves have a considerable share.—*Monetary Times*.

RAILWAYS AND NAVIGATION.

RAILWAYS AND BUSINESS OPERATIONS.—In connection with the reduction in salaries ordered by the London management of the Grand Trunk railway, a comparison made between the earnings of the Canadian Pacific and of the Grand Trunk shows a large increase in the former and decrease in the latter. The policies of the two roads are very different. The Grand Trunk is not only engaged in the operation of its own lines, but is also conducting an enormous business in the manufacture of almost every article it requires and uses. Immense plants for the manufacture of cars, locomotives, all kinds of castings and car wheels, bar iron, etc., are found at all points on the line. This is in pursuance of the theory that the company can do such work more economically than it can purchase the material, and also, we believe, produce a better quality. It is possible that this affords a clue to the failure to earn dividends. With millions of dollars invested in such plants, all of which must be maintained, so far as depreciation, wear and tear, etc., are considered, and with the great opportunities for waste involved in the large amount of raw material handled, it would be a hard question to decide whether the proper business of the road suffered or was aided by the many issues involved in the multitude of operations carried on. Of course the policy pursued has been very satisfactory in providing positions for officials who have dropped out of the management proper, but it is questionable how far the principle of running great business enterprises can prove profitable when they are conducted by men who brought little or no practical or business experience to the work in hand. It is safe to say that no other railroad in America begins to use the amount of supplies of every kind that the Grand Trunk railway does in proportion to the traffic carried and lines operated.

The Canadian Pacific, on the other hand, pursues the opposite policy, and the one that almost invariably obtains in American railroad management. It confines itself to operating its railroad system. True, repair shops are necessary for it as for all roads, and it has them. It is prepared to supply all its wants to a moderate extent in times of great activity, when supplies are somewhat difficult to obtain. But it does not have to keep an army of employees at work that have little or nothing to do with

the business proper. If it chooses to increase or decrease its working force, it can be done without difficulty or loss. The Grand Trunk cannot do this. It can, of course, arbitrarily suspend operations and lay off employees, but what of the work on hand interrupted, the depreciation of machinery and plant, which is more rapid with idleness than with use? The truth of the matter is that the Grand Trunk system is managed on the English plan, but unfortunately must do its business on the American plan, if it does any. The English system is well enough with English rates to admit of it; but in America, with the much lower rates prevailing, the American plan of running railroads as transportation companies, and not as vast conglomeration business enterprises, is the only one that admits of dividends.

The effect of the Grand Trunk policy on the business interests of the Dominion may also be questioned. If the manufacturing business it carries on were even partially distributed among many manufacturers on the line of its road, it would aid in building up traffic, in establishing business enterprises that would also get orders elsewhere, and thus promote prosperity at points where the road now brings no influence of the kind. This, as stated, is the plan by which American railroads have been able to do business at such abnormally low rates, and yet meet their fixed expenses and pay dividends. So long as plants are being put down and expenses for that purpose carried on, they form a good cloak for failures in other directions; but let that once stop and expenses go where they properly belong, and real truth would come out. It might not prove that the present policy was so good a one after all.—Toronto *Empire*.

THE CANADIAN PACIFIC ON TRIAL.—It has been so repeatedly said by certain recreant journals here and politicians of unworthy purpose, that the Americans could at a blow prostrate the Canadian Pacific Railway—not only could, but in loyalty to their own lines, in common justice to their own lines which are under the interstate commerce law, they might naturally and reasonably be expected to strike the blow—this has so often been said without much dispute, that people regard such a catastrophe as sooner or later inevitable. It has been dwelt upon as a beautiful instance of American magnanimity, that they have so far refrained from crushing the Canadian road which lies like a puff-ball at their very feet. The forbearance of the United States Government is

all the more marked when we know that the American transcontinental lines have vigorously complained in high places that the Canadian Pacific has continuously been making more and more destructive encroachments upon their traffic, and should be prevented from carrying American freight between points that can be served, even if at higher rates, by American railroads. To all of which the Government has turned a deaf ear, and why? Because the American people are more essentially shippers than handlers, and the governmental forbearance is not forbearance at all, but self-interested appreciation of a road that is speedily becoming indispensable.

The American railroads—and their Canadian advocates—are in the habit of pleading that they, as private companies, should not be subjected to uneven competition with a road built by the Canadian Government. The *Washington Post*, in an able editorial on the question of "Canadian Railway Competition," refers to this point. It says that the total amount granted by the Dominion to the C.P.R. was \$87,000,000, while the United States granted \$447,000,000 to the Union Pacific, "while the land grant of the Government to the Northern Pacific exceeds in value all the lands and bonds given to the Union and the Central Pacific." Those among us who argue against the C.P.R., and they are becoming steadily more few, should reflect upon this truth, that the Canadian road received but a fraction of the Government aid secured by those American lines which it is now driving so hard. Detractors also sneer at our transcontinental line as an Asiatic mail route, and rival lines excuse the fact that they are falling behind in the race by this, among other facts, that the C.P.R. receives \$300,000 from the British Government for mail carriage. But the total postal receipts are but \$456,591, whereas the Vanderbilt system receives \$3,409,482, the Pennsylvania \$2,262,001, the Union Pacific \$1,056,711, the Northern Pacific \$443,688, and the Southern Pacific \$979,499. Here again the American roads have an enormous advantage, but the Canadian road prospers to their surprise and loss.

Nor does cheaper labor give the C.P.R. an advantage over its American rivals, for over 65 per cent. of its income goes to operating expenses, while of the Union Pacific income only 56 per cent. goes the same way, and of the Northern Pacific but 60 per cent. Then a comparison of the freight rates and earnings is of

interest as brought out by the Interstate Commerce Commission, being per train per mile as follows: Canadian Pacific, \$1.29; Union Pacific, \$2.05; Northern Pacific, \$1.76. Viewing these matters carefully, the *Post* concludes:

Yet the Canadian road is prosperous. In 1889 it had over \$15,000,000 of gross earnings and over \$9,000,000 of net earnings. After paying a dividend it carried forward a surplus of \$1,576,926. This prosperity is to be accounted for by excellent management and enterprise, but not altogether. The difference in results is to be explained by the absence of "water" in the Canadian stocks, for while the Union Pacific is capitalized at \$108,478 per mile, the capital per mile of the Canadian Pacific is only \$36,002. In the face of these figures, and in view of the fact that the Canadian road is of acknowledged value to New England and the great Northwest, its exclusion from American traffic can hardly be regarded a necessity.

This opinion coming from so good an authority, and supported with argument, will have a most disheartening effect upon those who, by loud professions of fear, really invite American hostility upon the Canadian Pacific Railway. At first glance one might expect such hostility, but it quickly becomes evident that the injury would be two-fold. Compared with the rival lines, ours is making marvelous advances, and as the days go by proof accumulates that Mr. Van Horne is a railway wonder.—*Toronto World*.

GRAND TRUNK RAILWAY TRAFFIC RETURNS.

<i>Week ending</i>				<i>1891.</i>	<i>1890.</i>
June 6	Passenger	train	earnings	\$117,829	\$125,726
do	Freight	do	do	216,271	242,431
June 13	Passenger	do	do	127,411	129,254
do	Freight	do	do	211,145	241,308
June 20	Passenger	do	do	122,668	128,372
do	Freight	do	do	207,351	246,030
June 27	Passenger	do	do	118,267	129,454
do	Freight	do	do	215,947	243,610
July 4	Passenger	do	do	164,351	174,600
do	Freight	do	do	222,920	223,558
July 11	Passenger	do	do	142,028	149,499
do	Freight	do	do	222,185	241,258
July 18	Passenger	do	do	160,281	154,433
do	Freight	do	do	225,068	259,855
				\$2,473,742	\$2,689,388
					2,473,742
Decrease.....					\$ 215,646

CANADIAN PACIFIC RAILWAY TRAFFIC RETURNS.

<i>Week ending</i>		<i>1891.</i>	<i>1890.</i>
June 7	Traffic earnings	\$372,000	\$318,000
June 14	Do	374,000	331,000
June 21	Do	372,000	328,000
June 30	Do	486,000	426,000
July 7	Do	374,000	333,000
July 14	Do	389,000	357,000
		<hr/>	<hr/>
		\$2,367,000	\$2,097,000
		2,097,000	
		<hr/>	<hr/>

Increase \$ 270,000

The earnings of the New Brunswick Railway are included in the earnings of both years.

The earnings of the Canadian Pacific Railway for the month of May, 1891, were as follows:—

Gross earnings.....	\$1,602,919 73
Working expenses.....	1,013,281 04
	<hr/>
Net Profits.....	\$ 589,638 69
Net Profits, May, 1890.....	467,964 76
	<hr/>

Increase, 1891 \$ 121,673 93

For the five months ending May 31, 1891, the figures are as follows:—

Gross earnings	\$7,424,982 83
Working expenses	5,072,273 41
	<hr/>
Net profits	\$2,352,709 42
Net profits, same period, 1890.....	\$1,675,258 43
	<hr/>

Increase, 1891..... \$ 677,450 99

The earnings and expenses of the New Brunswick Railway are included in both years.

“THE EMPRESS OF JAPAN.”—The Canadian Pacific Railway Company's second Royal mail steamship, “Empress of Japan,” captain, Geo. A. Lee, R. N. R., arrived at Victoria from the Orient on the night of Monday, 22nd June, breaking all previous record. From the hour of leaving Liverpool she experienced exceptionally fine weather and smooth seas. The “Empress” proved herself a

perfect success as far as speed and sea-going qualities are concerned. Her dates were as follows ; Liverpool, April 11 ; Gibraltar, April 16 ; Naples, April 20 ; Port Said, April 24 ; Singapore, May 11 ; Hong Kong, May 23 ; Woosung, June 4 ; Nagasaki, June 7 ; Kobe, June,8 ; Yokohama, June 10. She left Yokohama on June 12 for Vancouver, at 4.45 p.m , and had a fine passage over. Her best run was 390 knots on the 17th ; actual running time, 10 days, 21 hours, 23 minutes, beating the " India " by 18 hours, and the fastest trip on record. The passenger list consisted of 129 cabin passengers and 318 in the steerage, the latter principally Chinese. The cargo consisted of 3,200 tons of general freight, principally tea, silk and opium.

MEETINGS AND REPORTS.

MERCHANTS BANK OF CANADA.

The annual meeting of Shareholders in the Merchants Bank of Canada was held on Wednesday, the 17th June, in the head office of the bank in Montreal.

The proceedings were opened by the President, Mr. Andrew Allan, taking the chair.

The President asked Mr. John Gault to act as secretary, and the Secretary having read the advertisement calling the meeting, the President submitted the annual report of the Directors.

REPORT.

The Directors of the Merchants Bank of Canada beg to place before the Stockholders the result of the business of the year just closed :

The net profits of the year, after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to..... \$579,470 20
 Balance from last year..... 5,993 91

\$585,374 11

This has been disposed of as follows :—

Dividends Nos. 44 and 45, at 7 per cent..... \$405,944 00
 Added to the " Rest "..... 175,000 00
 Carried forward to Profit and Loss Account of next year..... 4,430 11

\$585,374 11

The accompanying balance sheet, when compared with that of last year, shows that the business of the Bank has been well maintained in every department, and that large available reserves are held against the Bank's liabilities.

Deposits have increased considerably, notwithstanding severe competition. There has been a decrease in the total of loans and discounts, which is, however, accounted for by the repayment of large exceptional loans. The ordinary discounts and advances of the Bank have increased.

The total earnings of the Bank have been equal to the average of recent years, but it has been necessary to take from them a larger amount than usual to provide against losses and depreciations. Part of this deduction has been by way of writing off known losses, and part by transfer of sums to Contingent Fund, which under other circumstances might have been added to the Rest.

The exceptional condition of financial matters in London and New York last November added much to the anxieties of the board, but they are happy to state that the business of the bank was so carefully watched that no loss whatever has been sustained.

As a final result of the business of the year, the sum of \$175,000 has been added to the Rest. This important fund now amounts to \$2,510,000, or 43 $\frac{1}{4}$ per cent. of the paid up capital.

The officers in the service of the bank have discharged the duties entrusted to them with fidelity and ability, and to the satisfaction of the Directors.

The whole respectfully submitted,

ANDREW ALLAN,

President.

MONTREAL, June 9th, 1891.

Statement of assets and liabilities at 30th of May, 1891, as well as that of the former year:—

Liabilities.

1.—To the Public.

		Last year.
Notes in circulation.....	\$2,591,414	\$2,563,897
Deposits not bearing interest, \$2,615,177.....	.....	2,459,184
Deposits bearing interest, \$6,743,737.....	.....	6,212,098
Interest due thereon to date, \$83,478....	9,442,393	64,558
Balances due Canadian banks, keeping deposits with the Merchants' Bank of Canada.....	611,702	563,883
Balances due Canadian banks in daily exchanges..	18,254	13,330
Balances due to agents in Great Britain.....	123,436	391,777
Dividend No. 45.....	202,972	202,972
Dividends unclaimed.....	2,945	3,271
	\$12,993,117	\$12,484,973

BANK MEETINGS.

385

2—To the Stockholders.

Capital paid-up.....	\$ 5,799,200	\$ 5,799,200
Rest.....	2,510,000	2,335,000
Contingent account.....	143,360	92,660
Balances of Profit and Loss account carried to next year!.....	4,430	5,903
	<hr/>	<hr/>
	\$21,450,107	\$20,717,737

Assets.

Gold and silver coin on hand.....	\$ 342,156	\$ 238,438
Dominion notes.....	628,039	731,750
Notes and cheques of other Canadian banks.....	540,536	468,654
Balances due by other Canadian banks in daily exchanges.....	99,533	88,840
Balances due by banks and agents in the United States.....	1,164,391	780,825
Dominion Government bonds.....	668,967	668,967
Railway and municipal debentures.....	112,650	104,650
Call and short loans on bonds and stocks.....	1,299,403	424,581
	<hr/>	<hr/>
	\$4,855,977	\$3,506,708
Time loans on bonds and stocks, \$80,708.....		90,730
Other loans and discounts, \$15,500,622.....		16,114,369
Loans and discounts, overdue and not specially secured (loss provided for), \$157,607.....		119,223
Loans and discounts, overdue, secured, \$26,692..	\$ 15,765,630	24,676
Mortgages, bonds and other securities, the property of the bank.....	122,371	150,469
Real estate.....	181,754	203,532
Bank premises and furniture.....	494,873	480,273
Other assets.....	29,501	27,754
	<hr/>	<hr/>
	\$21,450,107	\$20,717,737

PROFIT AND LOSS ACCOUNT, 30TH MAY, 1891.

The net profits of the year, after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to.....	\$579,470
Balance from last year.....	5,903

\$585,374

This has been disposed of as follows:—

Dividends Nos. 44 and 45, at 7 per cent.....	\$405,944
Added to the Rest.....	175,000
Carried forward to Profit and Loss Account of next year.....	4,430

\$585,374

The President then moved, seconded by the Vice-president, Mr. Robert Anderson :—

“ That the report of the Directors, as submitted, be and the same is hereby adopted and ordered to be printed for distribution amongst the Stockholders.”

Before putting the motion to the meeting, the President called on the General Manager, Mr. Geo. Hague, to make a few remarks.

THE GENERAL MANAGER'S ADDRESS.

The General Manager said :— I desire, as has been customary, to supplement the report of the Directors by a few remarks. The year just closed has been disappointing in some respects and satisfactory in others. The volume of the business of the Bank has been as large as usual. The greater part of those who were customers of the Bank a year ago are customers still, and, I think, they are well satisfied with the treatment they have received. We have endeavored to render our customers good service in the various departments of their business. Some of them we have supplied with money as they needed it, and I think none have reason to complain, even if we did at times restrict them. In the case of others, we have taken care of the money they entrusted to us. We have paid the cheques of our customers to the amount of nearly two hundred millions at the thirty points where cheques were presented. We have discounted their bills and passed through their loans to the extent of over one hundred millions. This amount was not of course, all current at one time ; but bills to that amount have passed through our books during the year. We have received on deposit over the counter over one hundred and sixty millions, and we have collected and transmitted from one point to another in Canada, the United States, and England about a hundred millions more. We have done the business apparently to the satisfaction of our customers, and in so far as they have been satisfied, we have been satisfied too. There are, however, some things upon which we cannot look with as much satisfaction as the foregoing. I cannot but express the opinion that the Bank has not been reasonably remunerated for much of the business it has done. In the United States, in England, Scotland, or Australia, for transacting the same volume of business, far more would have been earned by the Bank. I refer now to what the Bank earns, irrespective of deductions for expenses, and if I mention the fact, I must also mention the reason of it, namely,

SEVERE COMPETITION.

The stress of competition affects every line of business, banking included. I do not intend, at present, to discuss the matter at length, but merely put on record my judgment that the banks at present are not paid a reasonable remuneration for what they do for their customers. I will however say, and I say it emphatically, that such competition as leads banks to make larger loans to customers than they otherwise would, and to be less careful about security, is not less dangerous to their customers than to the banks. Many mercantile failures in this country have arisen from borrowing too freely. I have never known any one to fail in Canada because he borrowed too little.

But there is another source of dissatisfaction, not to say vexation, namely, that out of these slender earnings we have to take so much, in this country, for losses and depreciation. I say in this country, for investigations have led me to the conclusion that banking losses are greater in Canada, as a rule, than they are elsewhere. It is true, and it is a very satisfactory thing to say, that by far the larger part of our customers make good use of our money, and repay it when they promise. Our money has helped them to carry on their trade, and out of what we have lent them they have made profit after paying us interest. So far this is satisfactory. It is some alleviation to the harassing cares of a banker's life, to notice the large number of persons who have been assisted to a prosperous career by means of the advances made them. But it does happen unfortunately every year, that some customers do not use our money wisely, and that the advances made have done them more harm than good. In such cases, when parties fail, they put us in for a loss, unless our security covers it. It is consequently part of our business to see whether our customers are doing well. And none of them who exercise judgment will find fault with their banker making enquiries at times as to their prosperity or otherwise. The very life of our business is to deal with sound and solvent people. I do not think any one could reasonably accuse the officers of this bank of officiousness. Neither do I think stockholders can accuse us of negligence or want of vigilance. You will remember that there are thirty places in the Dominion where the Bank, through its managers, is lending money every day in the year, these points stretching all the way from Quebec and New York in the East to Winnipeg and Brandon in the North-West. It is hardly needful to tell you that the Board and general management exercise their best judgment in supervising and directing all this. But it has been more than once said that we are none of us infallible. With all the exercise of trained and experienced judgment, mistakes are sometimes made which give rise to losses. In some cases we are deliberately deceived by those with whom we deal. This is the most unpleasant part of a banker's experience. Parties who have borne an honorable name for years sometimes, under pressure, make false statements and submit false balance sheets,—false statements about their own position, about the *bona fides* of the paper they present for discount, or about the position of their customers. In other cases customers deceive the bank without any dishonest intention, because they have first deceived themselves. They cannot be charged with dishonesty, but they can with carelessness or folly—a serious matter enough.

With all a banker's care it is impossible always to guard against these things. From the reports of Dun, Wiman & Co. you may learn that there have been over 1,500 failures in the Dominion during the year, with \$17,800,000 liabilities. This is considerably beyond the average. It is impossible that we could do business all over the Dominion for a whole year without falling in with some of these. I must say, however, that the failures in our circle have not been numerous, even in a year like this, and that the amounts lost in any one case have not been large, considering the magnitude of our business. Still, an amount that looks only small as a loan looks very large as a loss. This is an old banking maxim, and we have opportunities of proving it more or less every year.

DEPRECIATIONS.

The report mentions depreciations. These depend upon the outcome of insolvent estates not yet wound up ; it devolves on us generally, in case of an important failure, to collect multitudes of bills, to arrange with endorsers, to sell merchandise,—sometimes in Canada, sometimes in a foreign country, or to sell property of various kinds, lands, factories, ships, timber limits, and what not. The winding up of some estates is a complicated process and an anxious one. It would be bad judgment to slaughter properties. It would do injury to others as well as to the bank. As a rule, therefore, we proceed slowly and wait opportunities, in order to make the best of an estate in the interest of the stockholders. This process may take years. Two years is a short time for this purpose ; it is much more common for it to take five years, and sometimes even ten. We have at times to follow delinquent debtors into foreign countries, and make arrangements with them spread over long terms of years. And the variety of the securities to be dealt with is very great. Now, every time a balance sheet is placed before you, there must be a valuation of these securities. But the outcome of all such assets is largely affected by the state of trade at the time. A good year's trade will bring out full valuations, and even more than previous estimates, and a bad one the reverse. I have known, and not in this Bank only, depreciations to take place year after year in almost every insolvent estate on its books, and I have known the contrary year after year. Every bank in the world has some insolvent estates to deal with, and it is part of a banker's trade, so to speak, to know how to make the best of them. We have had some small recoveries ourselves this year, but in many cases there have been depreciations. In certain districts of Canada where we do considerable business, the crops have been poor for three successive years. Had there been good times in these districts, much of what we have written off during the last year or two might have been added to the "Rest." It is here we must frankly confess to disappointment. Yet, after all, to pay you a dividend of 7 per cent. on so large a capital as ours, in these times, and to add \$175,000 to the "Rest," is not a discouraging result.

INSOLVENT ESTATES ACT.

I entirely concur in what has been said in another place about the desirableness of an act for the equitable distribution of insolvent estates. But I must confess to jealousy of any act which gives a debtor a discharge by a mere majority of his creditors. A Dominion act to provide for equitable distribution would undoubtedly be a great public benefit. The subject is surrounded with difficulties. The experience of half a century in England, the United States and Canada shows that it passes the wit of man to devise an insolvency act giving a discharge, which has not been so abused that men were glad to repeal it. It may be worth while to make an endeavor in the direction above referred to, and the foundation has already been laid in the labors of a committee of the House of Commons, which sat some years ago.

THE BARING STOPPAGE.

The Directors' report refers to a trying period in London and New York. I hardly need to remind you of the events of the fall of last year. The world was then startled by the news that a great financial firm in London, whose reputed wealth was nearly equal to that of all our banks put together, and whose connections embraced every financial centre in the world, was in difficulties. It transpired that the acceptances of the house were current on such an enormous scale as to require some ten millions of dollars per week to meet them, and that other houses of reputed wealth and wide connections were closely connected with them. Such an event as the stoppage of a firm like this was staggering to contemplate. One is almost bewildered by the consideration of what might have happened had \$80,000,000 of bills payable in London been protested and sent back to every quarter of the globe. These hints will give you an idea of the tremendous issues involved in the negotiations that took place when the firm appealed to the Bank of England for assistance; and what a state of tension was created in centres of finance like New York, until the period of uncertainty was passed. It was in New York, principally, that we were concerned. Our direct interest, indeed, was but small. We had only £10,000 of bills on Barings altogether, and if every one of them had come back, it would not have caused us the least inconvenience. But the indirect effect of such a stoppage no one could calculate. That we would have fared as well as our neighbors I have no doubt, for the greater part of the sterling bills we held were commercial bills drawn by good firms in the United States and Canada on good firms in Liverpool, Glasgow and London, with whom we were well acquainted. We had cables from London two or three times a day during the period of suspense. Finally, the welcome news was received, that a combination of the strongest banks in England and Scotland, under the lead of the Bank of England, had undertaken to pay all the liabilities of the house, amounting to \$100,000,000, and that not a bill would go back protested. You may understand the gigantic nature of the firm's operations from the fact that they expected to realize enough from the assets to meet all this, and to hand back \$20,000,000 of a surplus to the partners. It is to be feared that nothing like this will be realized.

During this period of disturbance we went on with our business in New York as usual. This was done quite deliberately. I acted on information gathered in England last summer, when spending some time in London, Liverpool and Glasgow, and carefully noting the position of the leading lines of trade. The result was a conviction that the general commercial position in Britain was sound. But there were whisperings even then about certain financial houses. And though it was almost financial treason to do it, men about Lombard street did mention, in a sort of bated breath, even the great name of Baring. I took due note of this at the time, and after well considering the position, came to the conclusion that the banking world of England could not afford to let such a house go down, and that the whole

financial strength of Great Britain would be brought to bear on the position in case of need. This was last July. When November came matters turned out as I had anticipated. And, as it happened, we have rather profited than otherwise by the disturbance, owing to the high credit commanded by our sterling bills.

This great financial event is suggestive in several ways. For example, it may lead to a reflection that combinations are sometimes highly beneficial. Had it not been for the banking combination of last November, the whole world would have been plunged in an unprecedented financial disaster. The full force of this would have been felt by this country. It was by the combined action of the banks of Scotland that this country was saved from a commercial panic on the occasion of the failure of the Western Bank of Scotland and the City of Glasgow Bank. It was similar action by the banks of New York that saved the United States in a moment of extreme peril at the outset of the war. And the same combination has ever since been a powerful bulwark against an unsound currency, and a most influential force in favor of conservative methods of business generally. The Scotch banks, too, still maintain their union; and while no one can deny that there is a reasonable competition in banking in Scotland, or allege that the public are not well served, the union of banks has had a powerful effect in the introduction and maintenance of sound methods of trading, crediting, and carrying on business generally. There can be no doubt that a Bankers' Association in Canada, conducted on proper principles, would be of the greatest benefit both to the banks themselves, to their customers, and to the public at large.

The stoppage of the house of Baring suggests reflections also on the subject of trading beyond means and ability. It is an old subject, and, I may add, it is a very sore subject. Though much has been said before, I must repeat that this is at the root of most of our commercial and banking troubles. Our record of failures is almost a national disgrace, and a considerable portion may be attributed to this cause. Some men commence business without capital at all. Their success or otherwise is purely a game of chance, and the chances are ten to one against them. Storekeepers, too, who have means enough to carry on a good retail business, sometimes branch out to a wholesale business, where far more capital is required, where risks are greater, and where a different line of experience altogether is called for. It is a wonder that they fail? Men without capital should be content to serve others until they accumulate a fund to start upon. Retailers may well also be content with their own line of business until they have accumulated capital justifying larger ventures. If they do not, they are likely to be swamped. The same applies to men in the wholesale trade. A moderate capital suffices for a moderate business, but when men with moderate capital ambitiously strike out in lines requiring ten times as much of both capital and experience, what wonder if, after floundering in misery for a year or two, they succumb. Even houses with large capital need to be cautious. A house worth a million may over-trade as well as any other. This affair of the Barings is a tremendous lesson in that direction. There is no man, whether his capital is large or small, but needs to keep his business well in

hand. I need hardly say that this applies to bankers as well as to traders. To bankers, keeping business well in hand means two things: keeping sufficient reserves of available funds, and keeping discounts within a reasonable amount and in a liquid shape.

GOVERNMENT LOANS.

The bearing of these events upon the borrowing of governments is obvious. We are all directly interested in this matter. It was the inordinate borrowing of certain governments on the British market, under the auspices of the great house, that brought the firm into the humiliating position they occupied last November. The borrowings of one South American republic were on a scale that led to national demoralization, public and private extravagance, lavish expenditure on public works, accompanied by scandalous jobbery and corruption, the whole resulting in the piling up of mountains of debt, which will be an incubus upon the production and labor of the country for a long series of years to come. It was a misplaced confidence in the resources of a country containing great elements of wealth that led to these dangerous mistakes, both of the borrowing government and the supporting house. The firm has paid the fearful penalty of an entire cessation of its business and transfer to other hands after an honorable career of over a century. The government concerned will pay the penalty in crushing loads of taxation. Governments may get out of their depth just as merchants may; and when they do, they plunge the population under their care into financial misery. These things have weighed forcibly upon the investing classes in Great Britain of late. They are not so ready to lend money as formerly. The latest applications from Australian governments have not been successful; and there is a sentiment rising in England that colonial governments should flee more of their loans at home. This will cause some inconvenience for a time, but its operation in the end will be salutary. It becomes us in Canada, and especially in this province, to take due note of all this. I need not say that these remarks only apply to loans of governments and municipal corporations. Borrowing for good reproductive enterprises in the colonies has not been much affected. And it has been recently stated, on high financial authority in England, that the reason why the credit of the *Dominion* Government stands so high is because so little has been borrowed of late years.

CONDITION OF BUSINESS GENERALLY.

In saying a few words with regard to the condition of business generally, I must remind you that in speaking of this I am referring to what is distinctly, though not exclusively, your own affair. There is no branch of business in the Dominion from the Atlantic to the Pacific in which this Bank has not an interest. There is hardly a city, town or village from Halifax to Victoria, the names of some of whose traders are not to be found on the bills we have discounted. In fact, we might take in the leading centres of trade in the United States and Great Britain. The ramifications of our New York business extend over all the exporting centres of the United States.

In a business tour through the South this spring, in going through the wholesale quarters of Charleston, Savannah, New Orleans and Memphis, the names seemed as familiar as those in the streets of Montreal or Toronto. We had them on our books, and reports of their standing on our records. And I might say the same of Liverpool, Glasgow, and London too. All this is perfectly natural. The business of Canada leads out in these directions. (I will stop a moment to say that this branch of our business—I mean the dealing in sterling bills and bills payable in the United States—has been very satisfactory for many years back. It is not there where our money has been lost.)

But to come back to Canada. As we are interested in the business of every part of the country, we take measures systematically to obtain information about it from original sources. It is the duty of each of our managers to send us a weekly report on the condition of the leading branches of trade in his district. We have advices of crops, markets, prices, production, sales, from every district in Canada from Quebec to Brandon, and from New York also. These reports are carefully considered, and make the foundation for action.

The present condition of business in the Dominion is very varied. There is prosperity,—great prosperity—in some districts of the country, in some industries, and in some branches of trade, and the reverse in others. We have no branches in the Maritime Provinces or in British Columbia, but we have masses of bills domiciled in both, and we have been glad to hear that the leading branches of industry are prosperous in both extremities of the Dominion. The last reports of the banks in Halifax, St. John, and Victoria, B. C., reflect this in a striking degree.

Of this province and Ontario we cannot say as much. The business of farming in the Province of Quebec has been admirably treated in the address of the Cashier of the oldest French bank, who has, of course, exceptionally good opportunities of forming a judgment. His remarks will surely have received the attention they deserve. If they do, the production of this province will be largely increased; and with increased production will come increased trade and prosperity. There is no subject to which the attention of leaders of public opinion in this province, whether civil or ecclesiastical, could be better devoted than this most important one. In this connection, I cannot but think that the application of fertilizers, manufactured from our own

PHOSPHATES,

would be highly beneficial. When in South Carolina, during the business tour I spoke of, I learned that many of the exhausted lands of the South were being re-invigorated by phosphate fertilizers, and that the lands formerly considered almost worthless were being brought into cultivation by the same means. We are sending masses of phosphate out of the country every year, while our lands are crying out for its application to them. Nature has given us the means of restoring our old lands. Surely we can make her bounty available for the purpose. If the expense of fertilizing material is considered

an obstacle, I may state that the farmer in South Carolina who applies \$2 worth of fertilizer per acre to his farm annually has in many cases an increase in the value of his crop to the extent of \$10 per acre. These are facts gathered on the spot. Any man who can devise means for spreading our own phosphates over our own soil will render this country an incalculable service, and probably serve himself well in the process.

The great timber manufacture of the Ottawa Valley, that finally centres in Quebec, met with a serious reverse last year. Over production flooded the English market, and such a serious drop in prices ensued as to cause heavy losses to exporters. We had in this department of trade some striking illustrations of the evil referred to, namely, of parties with only moderate capital engaging in enterprises far beyond their means, and being completely ruined in consequence. Our own share of loss in this quarter has, however, been very moderate. This trade is gradually recovering itself through a heavy decrease in production.

The sawn lumber trade with the United States has proceeded with much more regularity, and there is every prospect of a good demand for another season. The markets of the States are not overloaded, and as there is no over-production in Canada, there is no reason why a good season's trade may not be expected. The great question of the conservation of our forests has not come to the front very prominently as yet, but it must receive attention before long. The question of how to make the best use of the trees of every description, large or small, that are growing in the woods, is being solved in a practical manner by a firm in Ontario. It could hardly be supposed that articles so diverse as lumber, paper, terra cotta and alcohol could be produced from our trees, but such is the fact. The development of our various paper-making factories, the raw material for which is largely obtained from our forests, is proceeding steadily year by year. These are only examples of the various new and undreamed of uses to which our forest can be turned; and doubtless as experiments are tried, new developments will await us.

The country is passing through a somewhat similar experience with regard to its farms. The old style of devoting every possible acre to the growth of grain is passing away. The intelligence of farmers is stimulated in these times, and they are taking advantage of new developments of trade.

The whole modern development may be comprised in two words "mixed farming." With a thoroughly intelligent use of the land, every farmer making the very best of it that can be made, whether for growing grain, raising cattle, producing cheese or raising fruits, there is no reason why the amount of our farming products might not be increased by some 25 per cent. With this would come a large increase in the capacity of our whole farming population to purchase imported and manufactured articles and increased development in trade.

I cannot share in the opinion held by some that the farmers of Canada as a whole are suffering. They are undoubtedly having a trying experience in some districts, but in many others they have done well, and are prospering. Bank deposits are a plain proof of that. The manner in which farmers live their proof of it. The continuous increase in cattle, horses, sheep, and all

the appliances of prosperous farming is apparent in many parts of the country. A poor crop of grain does not now mean poverty as it formerly did. It may be, and often is, accompanied by good prices for cattle, for horses, for cheese, and last, but not least, for fruit. In many counties, fruit (including peaches and grapes) is becoming a staple crop. In two adjacent counties of Western Ontario last year there was marketed by farmers over five million pounds of grapes, which realized them over \$130,000. This is an entirely new development during the last ten years, and it is said to be only in its infancy. In fact, we are only beginning to find out what the lands and forests of Canada are capable of.

Undoubtedly one besetting evil of the farming community is the temptation to buy too many luxuries on credit. This is largely fostered by the eagerness of storekeepers to sell goods on credit, which goods have been almost forced upon him by the importunities of salesmen from wholesale centres. The result is demoralizing.

LONG CREDITS.

The subject of long credits given by wholesale houses to retailers, and by retailers to farmers, has been so often dwelt upon, and with so little result, that one gets wearied of talking about it. Numbers of our failures can be traced to it, and a good proportion of our bank losses. During the American war, mercantile credit was annihilated, and all goods were sold for cash. Since peace was restored, credit has been resumed on a moderate scale. Where Canadian merchants give four and six months, and even renew beyond that, and date goods ahead to begin with, the same class of merchants in the States sell at thirty and sixty days, and look askance upon a customer who wants a day longer. There is some solid comfort and assurance of growing prosperity in a system of business like this. One could almost wish that something might happen in Canada, which would compel all dealings to be for cash and bring about a rational method of trading. There is nothing more mischievous in our system of credit than the fact that it leads to such heavy accounts being carried against retailers in the books of merchants. The greater part of these are twice or three times as large as they ought to be. I am well aware that the evil is intensified by the credits that English houses give. This is an evil, however, which will cure itself in time. Our manufacturing industries are largely infected by the same evil; especially that of agricultural implements. There is one striking exception, viz.: the flour-milling trade, which is practically carried on on a cash basis, both in buying and selling. In some other manufactures, even raw materials are bought on four and six months' credit, a very great abuse, which has led to heavy losses. Raw materials ought to be paid for in cash.

There is a certain movement going on amongst manufacturers in the way of amalgamation with a view to diminishing competition. This movement is good if kept within reasonable bounds, though we want no great monopolies created in Canada like those which have troubled our neighbors in the United States. Competition had, however, run riot in many quarters, and it was time for a check to be put upon it.

Legitimate competition is the life of trade. When carried beyond that it is its bane. Bankers have it in their power to do something to remedy many of the things now complained of. Long credit manifests itself in long bills offered for discount, unreasonable amounts offered on the names of weak traders, and, borrowing from banks by importers without security at all. These things are within the power of bankers to remedy.

Of business in the Northwest I have only a word or two to say. The crop of last year was heavy in amount, and surpassed expectations; but much of it was injured to some extent before being gathered in, and the value of the whole was considerably less than was at one time hoped. Still, the result was an average one, and the development of mixed farming is proceeding very satisfactorily there also. The reports of the practical farmers who visited the country last year, which have been published in this country, are conclusive as to the value of the farming lands both of the Northwest and other parts of Canada. I have never read anything more practical. I could recommend that every one who is interested in Canada should read these reports carefully. They can hardly fail to produce a strong impression in Great Britain. One of these farmers sums up his opinion of the matter by saying that if he were not so tied to his position in England, he would close up his affairs and come and farm in Canada.

M'KINLEY TARIFF.

There are some certainties and some uncertainties respecting the operation of this act. What is certain is that it stimulated our export of barley last fall at an increased price. It is certain also that barley has generally maintained an average price since, and that eggs fetch nearly as much this year as they did last. What is uncertain is whether consumers in the United States will not after all pay the increased duties imposed on Canadian farm products. I am inclined to think they will. But if not, I am inclined to think that if one market closes another can be opened, and that if our farmers cannot profitably grow one kind of grain they can another. I do not think the export of hay from this province in such large quantities has been an unmixed benefit by any means. With intelligence and self-reliance, the farmers of Canada can meet any tariff disadvantages of this kind, if they will bestir themselves to do it.

FORECASTING THE FUTURE.

Those who have paid attention to former utterances of mine on these occasions will have found little of prophesying or forecasting about them. On the contrary, some years ago, I gave expression to some serious warnings on this subject. I will take the liberty of repeating what I said then, and it is just as pertinent now:—

"The habit of looking out for the future and basing commercial ventures upon it is a bad one. It has deceived many to their ruin. Forecasts of the future in nine cases out of ten are falsified by the event. Whether it is the condition of the coming harvest, or the future of grain or cotton, or

"the supposed exigencies of foreign markets, the man who ventures on commercial operations upon such forecasts in the majority of cases will be disappointed. If he risks his own money in the venture and loses it, he does no harm to any one but himself; but if he carries on the venture on borrowed money, he runs the risk of losing the money of his banker or his creditors. This he has no right to do, for as he did not mean them to share the profits of his venture they ought not to be called on to share the loss."

I said further: "If persons in business will keep themselves wide awake as to the present, they need not trouble themselves about the future. A person can always tell whether the demand for his goods is brisk or dull, whether it is continuous or fitful, and can guide himself accordingly. Laying up large stocks of goods, or increasing manufactured products in view of a possible demand some months ahead, is not sound trading but speculating. In former times of long winters and slow voyages, risks had to be taken which are not necessary now. The cable, the telegraph, the railway, the ocean steamer have done away with the necessity of risking anything on an unknown future. I repeat then, it is not well to be always forecasting. It is as foolish as it is dangerous. Market prophets are as unreliable as weather prophets."

Such were the conclusions of more than twenty years' experience in the year 1886. I can hardly do better than repeat them in 1891.

I need say nothing about the position and credit of the Bank, that is well understood, and we shall endeavor to maintain it; nor need I say anything more about competition, except that we shall do our best to meet it; nor about our discounting customers and borrowers, except to hope that they will be prudent as well as enterprising, so as to keep out of trouble. I hope no thing will happen this year to prevent our giving a good account of the operations of the Bank in the year 1892, and that if we live long enough to meet you again we may have a satisfactory report to present.

And, as men are concerned just now about the position of the country, I may say that it is thirty-five years since I first entered a Canadian bank. Thirty-five years is not a long time in the history of a country, but during this short period I have seen the deposits of Canada grow from fifteen millions to two hundred and twenty millions. This fact speaks volumes. In view of such a result in so short a time, one would be pessimistic, indeed, to have any doubts about the future.

After some enquiries from Mr. John Morrison and Mr. John Crawford, which were answered by the general manager, resolutions of thanks to the President, Vice-president, and Directors and to the General Manager were passed.

Scrutineers have been appointed in the persons of Messrs. T. C. Lyman and Jas. Williamson; these gentlemen shortly afterwards reported the following gentlemen to be duly elected as Directors:—Andrew Allan, Robert Anderson, H. Montague Allan, John Cassils, James P. Dawes, John Duncan, T. H. Dunn, Jonathan Hodgson, Hector Mackenzie.

The new board met in the afternoon, when Mr. Andrew Allan was re-elected President, and Mr. Robert Anderson, Vice-president.

CANADIAN BANK OF COMMERCE.

The Twenty-fourth Annual Meeting of the Shareholders of the Canadian Bank of Commerce was held at the head office of the Bank, Toronto, on the 16th June, 1891, at 12 o'clock noon.

On motion, the President, Mr. George A. Cox, was elected chairman of the meeting, and Mr. J. H. Plummer, the Assistant General Manager, was appointed to act as secretary.

It was moved by Mr. W. B. Hamilton, and seconded by Mr. John I. Davidson, that Messrs. Philip Browne, Henry Pellatt, and George T. Alexander act as scrutineers—Carried.

The president called upon the Secretary to read the annual report of the Directors as follows :

REPORT.

The Directors beg to present to the Shareholders the Twenty-fourth Annual Report, covering the year ending May 30th, 1891, together with the usual statement of Assets and Liabilities :—

The balance at credit of profit and loss account brought forward from last year is.....	\$37,974 68
The net profits for the year ending 30th May, after providing for all bad and doubtful debts, amounted to.....	514,431 86
	<u>\$552,406 54</u>

Which has been appropriated as follows :—

Dividends Nos. 47 and 48 at 7 per cent. per annum.....	\$420,000 00
Vote of shareholders to retiring president, 17th June, 1890.....	10,000 00
Transferred to rest account.....	100,000 00
Balance carried forward.....	22,406 54
	<u>\$552,406 54</u>

It will be observed that the net earnings for the year, together with the balance carried forward from last year, amount to \$552,406.54, out of which, after making the usual full provision for all bad and doubtful debts and assets, we have paid the customary dividend of 7 per cent. and the amount voted to the retiring President by the Shareholders at the last Annual Meeting, and have transferred to Rest Account \$100,000, carrying forward at credit of Profit and Loss Account \$22,406.54. It is hoped that these results will be satisfactory to the Shareholders.

Your Directors have pleasure in stating that they have succeeded in converting the perpetual lease of the ground occupied by the Head Office premises into a rent charge limited to a term of years. The ground was acquired by the Bank under a lease renewable at a valuation every twenty-one years, and under the new arrangement, by payment of an increased annual sum of moderate amount, the Bank will become the absolute owner of the property at the expiration of the first term of our original lease, that is, in a little more than sixteen years from this date.

The usual thorough revaluation of the entire assets of the Bank and the fullest provision for every item about which there is an element of doubt have been made. All the branches, agencies and departments of the Bank have been inspected during the year.

A branch of the Bank has been opened during the year at Walkerville, Ont. In Toronto, branches have been opened in Queen street west and Parliament street.

It gives the Directors pleasure again to express their satisfaction regarding the fidelity and efficiency with which the officers of the Bank have performed their respective duties.

GEO. A. COX,
President.

GENERAL STATEMENT.

LIABILITIES.

Notes of the bank in circulation.....	\$ 2,525,065 00	
Deposits not bearing interest.....	\$ 2,851,451 16	
Deposits bearing interest, including interest accrued to date.....	12,319,977 96	
	<hr/>	15,171,429 12
Balances due to other banks in Canada.....	4,177 70	
Balances due to foreign correspondents	12,582 09	
Balances due to agents in Great Britain.....	514,685 22	
Unclaimed Dividends	231 94	
Dividend No. 48, payable 1st June.....	210,000 00	
	<hr/>	\$18,438,271 07
Capital paid-up.....	\$5,000,000 00	
Rest.....	900,000 00	
Balance of Profit and Loss Account carried for- ward.....	22,406 54	
	<hr/>	6,922,406 54
	<hr/>	\$25,360,677 61

BANK MEETINGS.

399

ASSETS.

Specie.....	\$413,305	38
Dominion Notes.....	718,305	65
		\$1,131,611
Notes of and Cheques on other banks.....		03
Balances due by other banks in Canada.....		703,768
Balances due by Agents of the bank in the United States.....		91
British and Canadian Government Securities, Municipal and other Stocks and Bonds.....		834,478
Call and Short Loans on Stocks and Bonds.....		54
		1,371,157
		04
		1,294,962
		48
		\$5,464,720
		53
Time Loans on Stocks and Bonds.....		1,336,487
Other current Loans and Discounts.....		30
Bills Discounted Overdue, not specially secured (loss fully provided for).....		17,508,511
Overdue Debts, secured		77
Real estate (other than Bank premises).....		59,395
Mortgages.....		69
Bank premises and furniture.....		54,851
Other Assets.....		00
		12,561
		12
		221,961
		63
		641,843
		25
		60,345
		32
		\$25,360,677
		61

B. E. WALKER,
General Manager.

TORONTO, 30th May, 1891.

The report having been read, the President said :—

The statement of assets and liabilities submitted shows you clearly and concisely the position of your property as at the 30th ultimo, and the profit and loss account the result of the operations for the year ending on that date. It is not necessary, therefore, that I should detain you with any lengthened remarks. In asking for your approval and adoption of the report I need not tell you that the year under review, like other years, supplied its full quota of business reverses ; nor need I add that this Bank, like other institutions, had to bear its fair share of these losses. I am glad, however, to be able to assure you that the profits arising from the business of the year have been so satisfactory as to enable your Directors, after fully and effectually providing for these losses, and paying the usual dividend, to still further strengthen by \$100,000 the protecting wall that they are slowly, but securely, building up around your capital.

If I should venture to offer any predictions as to the probable results of the year upon which we are just entering, I should no doubt see in the adverse legislation of our American neighbors the somewhat disappointing

outlook for the coming harvest, long credits, or some other cause, sufficient to warrant me in joining with many others to raise the signal of caution. I do not wish to under-estimate the value of such advice as will lead at all times to the utmost precaution in giving or accepting credit, and to the utmost care and economy in every department of business; but there is another side to the picture, and I do not think it will do us any harm to look for a few minutes at that side.

If we go back for the brief period of fifteen years in the history of our country, and look at the financial articles and the reports of financial institutions of that date, we will see the same admonitions of caution and the same evidence of alarm and anxiety that we see to-day, and that makes the following comparative figures between that date and the present interesting at this time.

There has been an increase in the value of property covered by fire insurance in the fifteen years from \$364,000,000 to \$707,000,000. In the same time the deposits of our people in Chartered and Savings Banks, Loan Companies and Government Savings Banks have grown from less than \$85,000,000 to over \$200,000,000. The amount of premiums received by the Life Insurance Companies doing business in Canada from 1875 was \$2,800,000, last year it was \$8,100,000. The total amount received for premiums from 1875 to 1890 was \$69,000,000, and the amount of the policies in force increased during that period from \$85,000,000 to \$248,000,000. Our railroads have more than doubled in mileage, traffic and capital in the same time. The population of this city has grown in 15 years from 70,000 to 200,000 and the assessment from less than \$50,000,000 to nearly \$150,000,000.

These are unmistakable evidences of prosperity which anyone can understand, and there can be no reasonable doubt that in the next 15 years we shall experience a much greater increase. The study of these figures should give us increased confidence in the resources of our country, and enable us to take a more hopeful view of the future; they will not, I trust, make us any less cautious in dealing with the immediate present, or less on the alert for the dangers ever present in the innumerable business ventures represented by the loans of a bank.

I have now to move, seconded by Mr. Davidson, the Vice-president, that the report of the Directors as read be adopted and printed for the information of the Shareholders. Before putting the resolution, I will ask the General Manager to address you, after which he will, I am sure, be very pleased to answer any questions that you may desire to ask him.

GENERAL MANAGER'S ADDRESS.

The General Manager then spoke as follows :—

The Directors have again presented to you a report exhibiting a steady prosperity; and, although the profits resulting from the year's business are moderate, they will, we have no doubt, be satisfactory to the Shareholders. We have pleasure in again drawing attention to the increase in our deposits, which have now reached the handsome figure of fifteen millions. A part of the increase is doubtless temporary, but the gain in deposits of a permanent

character during the last five years is in the neighborhood of five million dollars. This has been accomplished without the offer at any time of higher rates than those paid by other banks in the first grade of credit. That the average cost of interest-bearing deposits in Canada is at present too high owing to the excessive competition, is unfortunately true, and we can but hope that before long there will be some improvement. Money is cheaper to the borrower here than elsewhere in the British Empire, except Great Britain, and cheaper than in the United States, except in the large cities where uninvested capital accumulates. Our profits are therefore curtailed at both ends. During the past year at least two United States journals have commented on the practice among Canadian banks of paying interest on deposits, the impression apparently being that ordinary deposits of business firms are sometimes obtained in this manner. I need not say that no bank in good credit will pay interest on the fluctuating deposits of a merchant. Our interest-bearing deposits come from deposit receipts and our savings bank departments, and represent capital from petty savings upwards, invested with us either directly for the income afforded by the interest or in order to earn some interest, until by mortgages or otherwise a larger income can be obtained. Sound banking, as we understand it and as it is understood in Great Britain, is inseparable from the accumulation, as far as possible, of every dollar of the saving and capital of the community not otherwise invested. Individual banks in great cities may obtain all the deposits they desire without paying interest to any extent. We would astonish the shareholders with our profits if we could do the same, but we are, in the main, country bankers, and it is a large part of our business to enable the depositor living near any of our country branches to put the money he may get for the farm products he has sold, or for his labor, into a bank for savings, so that he may earn interest and his capital may be utilized.

THE FINANCIAL SITUATION.

You all know that during the past year we have witnessed events more momentous than any in the history of banking heretofore. It is not my purpose to dwell upon the errors culminating in the fall of a banking house which in the early part of this century was classed by a witty statesman along with the five leading nations as the sixth great power in the world. The wealth of the world and the power to do business have been so enormously increased by steam, electricity and credit, that the operations of nations run as easily now into hundreds of millions as they did a century ago into tens. The failure of Baring Brothers was the result of unduly straining one of these great forces, and we have more occasion to consider this lesson than to regret that their error brought its natural punishment. After all, they are bankers, and the Argentine, as manufacturers of securities, were only the chief among many sinners. Other bankers, and other countries than the South American republics, have been transgressing. The independence of the various countries of the world is now so great, that we in Canada have heard with grave doubts as to the effect upon ourselves of Russia's attempts to create a gold stock, and the consequent struggle for gold among the

leading nations, not yet ended; of the financial collapse of Portugal; of municipal extravagance at Rome; of the danger so eagerly courted by the silver advocates in the United States, and many other foreign matters which are a menace to our financial ease.

Whether we contribute to the strain on the money markets of the world or not, we may be made to suffer by what others do; but I quite agree with the General Manager of the Bank of Montreal, that we have already done and are still doing our little part towards that overloading of the London market, which may yet bring about consequences worse than anything we have ever imagined. During the past year we have advised more than one municipality to curtail its issues, and to bear in mind that ample assets and ability to pay are not the only measures of credit—we must always have the desire and ability of the investing world to purchase securities. Common sense points to the wisdom of avoiding all extensive public improvements for a year or two; and in the matter of frontage improvements, which are so largely adding to the already heavy debts of some of our cities, we should follow the practice of many rapidly growing cities in the Western States, and levy the cost of such improvements in two or three assessments, the warrants or debentures for which would be readily carried at home.

Our shareholders, however, are mainly interested in the bearing of the financial situation upon our foreign business, and I am glad to say that, so far, we have at least not suffered from it. Our business at New York, now second in importance to that of no Canadian bank having an agency there, has been conducted without loss, direct or indirect, arising from the panic, although we are not vain enough to suppose that, should matters assume a more serious aspect, we can hope to continue with such a record. Our high position among bill drawers and issuers of commercial credits has brought us most welcome accessions of business, and the volume of our transactions is now in many directions only limited by our very great caution in extending lines of credit. Never in the history of our foreign business has greater care been necessary. Having no branch in London, England, our bills are drawn upon an independent bank; a bank, as it happens, not only in the first rank, but established at the same time as the Bank of England. In our commercial credit business we have been careful to have as correspondents only banks whose contracts are regarded as absolutely undoubted in the particular countries where drafts under our credits are drawn. When it is considered that, in addition to our own high credit, we thus offer the second name of banks of such standing, it is perhaps not surprising that our New York agents were able in the excitement of a panic, intensified by the timidity of the London discount market, not only to conduct our ordinary affairs without interruption of friction, but to secure valuable business which had hitherto gone into other channels.

TRADE AND CROPS.

Turning to Canada and especially Ontario, if we were to repeat the opinion of farmers and businessmen, we would have to report another unsatisfactory harvest, and another year of trade in which the profits were quite too small

and the bad debts excessive. There is unfortunately no doubt that the bad debts arising from the failure of shopkeepers and wholesale merchants have been excessive, but do we not commit a grave error in repeatedly deploring the condition of trade and farming, and waiting for years of plenty and the return of old fashioned profits? While we wait do we apply the remedies of economy in expenditure and rigid scrutiny in granting credits? Is it not better to conclude that the present is the normal condition of things, that the harvests are not likely to improve on the average, and profits not likely to be larger? If we faced this condition to-day we would simply live within the conditions, and so prosper. I do not address this advice to those prudent people who always live within safe limits, or to the many who are making quite as large profits as they could wish. I offer the advice to those who argue that the poor harvests and lean profits are reasons which alone justify shrinkage in their balance sheets. We can all prosper even though the harvests are no better than those of the last three or four years, if mercantile business is not so persistently overdone, long credit and credit without adequate security so persistently given, and expenses maintained on a level no longer warranted by the condition of things. I am sure that if the superfluous shopkeepers and shopkeepers' assistants could be turned into farmers, there would be nothing whatever the matter with Ontario, providing, of course, they became industrious and intelligent farmers. Every year the pressure of competition is greater, more people wish to obtain a share of the profits of the community in some other manner than by wages, and consequently success is more difficult. But under the severest conditions, those succeed who exercise the most intelligence, industry, economy and command of capital, and with these qualifications as much can be done by farmers and business men here as anywhere.

During the past year the Ontario farmers paid their implement notes and interest and mortgage instalments quite as promptly as in former years, in many districts much better than for several seasons. They bought less at the stores, and there are many indications that they find it necessary to economize and are economizing, but a few years of economy throughout the province, in town and country, would be almost equal to an extra crop. The output of cheese was the largest in the history of this great industry, the export for the year ending 31st March being 108,150,000 pounds, valued at \$9,700,000, a gain of nearly half a million dollars on the previous year. The export from the United States during this period fell off to a greater extent than the gain made by Canada. We have already suffered from want of rain to such an extent that it is hardly possible for us to maintain as high figures this season. The trade in both distillery and grass-fed cattle has been very satisfactory, and winter-fed cattle are now being shipped in fine condition. Regarding eggs, whether we eventually, as I think we will, establish a satisfactory market in England or not, down to date no one has suffered by the McKinley Bill but the consumer of eggs in the Eastern States. Our trade in low-priced horses has suffered, but with the probably early conversion of horse cars to electricity in view, our farmers must in any event endeavor to raise high class animals hereafter. For these the demand is as great as ever

When we come to wheat and barley the record is not so encouraging. That we can grow barley fine enough and of such varieties as will command a market either in the United States or in Great Britain there is no doubt, but in reaching the high standard there may be years of disappointment and loss.

THE LUMBER TRADE.

The trade in square timber, in which, as I said a year ago, we have little or no interest, is not yet in a healthy condition. There is still in sight more timber than the total product of any year since 1881, although the amount made in the past year is only about one-fifth of that for 1889-90. It is therefore to be hoped that next winter the quantity manufactured will be as nearly nothing as may be possible. The work in the woods has been done under favorable circumstances, and the output is correspondingly cheaper than in recent years; part of the reduction in cost, however, is unfortunately the result of lower wages. Since the maximum cut of sawlogs in the Ottawa district, in 1887-88, the stock in hand has been steadily falling, we are glad to notice, and is now lower than on any but two of the last ten years. The demand in the United States is satisfactory at prices higher than a year ago, but the South American market is still wanting. As we have said in past years, a diminished production is all that is necessary to give the lumber business a quite satisfactory tone, and at the moment the Ottawa manufacturers have their fair profits in prospect. The output in the North Shore district is also smaller, but the general conditions of the business are not as favorable as could be desired. The home market, on which they largely depend, is very limited, owing to the collapse in real estate speculation and the general shrinkage in business.

In concluding my remarks, permit me to say that during the coming year while there can be no certainty as to crops or trade, there is no reasonable doubt as to our wisest course. The harvest prospects in the Northwest are good, I understand; but the want of rain has done so much damage in Ontario and Quebec, that we have at least no excuse for anything but caution. Clearly we should import as lightly as possible, manufacture well within the limits of previous years, cut down expenses, and extend credit with regard only to the buyer's ability to pay under adverse conditions of business. If we do this we will doubtless be able to endure the result a year from now, whatever it may be.

The motion for the adoption of the report was then put and carried: and after the usual vote of thanks to the President, Directors and officers of the Bank, the meeting adjourned, having balloted for the incoming board of directors.

The scrutineers subsequently reported the following gentlemen to be elected as directors for the ensuing year:—Messrs. George A. Cox, James Crathern, John I. Davidson, William B. Hamilton, John Hoskin, Q.C., LL.D., Robert Kilgour, Matthew Leggatt and George Taylor.

At a meeting of the newly elected Board of Directors, held subsequently, George A. Cox, Esq., was re-elected president, and John I. Davidson, Esq., vice-president.

IMPERIAL BANK OF CANADA.

The sixteenth Annual General Meeting of the Shareholders of this Bank was held at the banking house of the institution, Toronto, on Wednesday, 17th June, 1891. The chair was taken by the President, Mr. H. S. Howland, and Mr. D. R. Wilkie was requested to act as Secretary.

There were present Messrs. H. S. Howland, T. R. Merritt (St. Catharines), T. R. Wadsworth (Weston), Robert Jaffray, Hugh Ryan, Rev. E. B. Lawler, George Robinson, R. S. Cassels, A. McFall (Bolton), John Stewart, Major James Mason, R. Beaty, Robert Thompson, W. B. Hamilton, Joseph Keterson, T. Sutherland Stayner, William Ramsay, Major Edward Foster (Earls-court), E. B. Osler, William Hendrie (Hamilton), Thomas Long, John Stark, E. L. Atkinson, W. H. Atkinson, W. Hamilton Merritt, R. H. Ramsay, Thomas Walmsley, Anson Jones, D. R. Wilkie, etc.

Messrs. R. S. Cassels and R. Beaty were appointed to act as scrutineers.

The Secretary, at the request of the Chairman, read the report of the Directors and the statement of affairs.

REPORT

The Directors again have pleasure in meeting the Shareholders of the Bank, and beg to submit the sixteenth annual balance sheet and statement of profit and loss account for the year ended 31st May, 1891.

Out of the profits for the year—

(a) Shareholders have been paid the usual half-yearly dividends at the rate of 8 per cent. per annum, and in addition thereto a bonus of 1 per cent., amounting in all to \$135,000.

(b) Rest Account has been increased by \$50,000.

(c) Bank Premises Account has been credited with \$8000.

(d) A fund amounting to \$27,098.55 has been established to cover rebate on bills discounted current.

The authority vested in the Directors by resolution of the Shareholders at the Annual General Meeting held on the 20th June, 1889, to allot \$500,000 of additional stock amongst the Shareholders, was exercised on 18th May, 1891, the new shares being allotted in the proportion of one new share to three old shares, and at a premium of 50 per cent. shareholders have until 18th August next to accept of their allotments.

In accordance with the provisions of the Bank Act (55 Victoria, Cap. 31), which comes into force on 1st of July, 1891, satisfactory arrangements have been made for the redemption of the notes of the Bank in each province of the Dominion. The Bank of Montreal, the Bank of British Columbia, the Bank of Nova Scotia and the Union Bank of Halifax are the redemption agents of the Bank where the Bank itself is not represented.

Branches of the Bank have been opened during the year at Rat Portage, Ont., and at Prince Albert, Sask.

The building occupied by the Bank at Brandon having been found unsuitable for the business of the Bank, a desirable lot adjoining the new post office has been purchased with the view to the erection thereon of suitable premises.

All of which is respectfully submitted.

H. S. HOWLAND,
President.

STATEMENT OF PROFITS FOR YEAR ENDED 30TH MAY, 1891.

Balance at Credit of Profit and Loss Account, 31st May, 1890, brought forward.....		\$48,020 05
Profits for the year ended 30th May, 1891, after deducting charges of management and interest due depositors, and making full provision for all bad and doubtful debts.....		222,828 94
		<hr/>
		\$270,848 99
From which has been taken :		
Dividend No. 31. 4 per cent. (paid 1st Dec., 1890).	\$60,000 00	
Dividend No. 32. 4 per cent. (payable 1st June, 1891).....	60,000 00	
Bonus 1 per cent. (payable 1st June, 1891).....	15,000 00	
	<hr/>	135,000 00
		<hr/>
		\$135,848 99
Written off Bank Premises and Furniture account	\$5,000 00	
Reserved for rebate on Bills Discounted.....	27,098 55	
Carried to Rest Account.....	50,000 00	
	<hr/>	85,098 55
		<hr/>
Balance of account carried forward.....		\$50,750 44

Rest Account.

Balance at Credit of Account, 31st May, 1890.....	\$700,000 00
Transferred from Profit and Loss Account.....	50,000 00
Premium received on New Capital Stock.....	28,340 00
	<hr/>
Balance of account carried forward.....	\$778,340 00

SIXTEENTH ANNUAL BALANCE SHEET, 30TH MAY, 1891.

Liabilities.

Notes of the bank in circulation.....	\$1,230,725 00
Deposits not bearing interest.....	\$1,456,987 61
Deposits bearing interest.....	5,288,333 56
Interest accrued on deposit receipts.....	40,910 69
	<hr/>
Due to other banks in Canada.....	\$6,786,231 86
	<hr/>
	2,138 52
	<hr/>
Total liabilities to the public.....	\$8,019,095 68

BANK MEETINGS.

407

Capital stock, old.....	\$1,500,000 00	
Capital stock, new.....	56,710 00	
	<hr/>	\$1,556,710 00
Rest Account.....	\$750,000 00	
Rest Account, premium on New Stock....	28,340 00	
Contingent Account.....	15,312 00	
Dividend No. 32, payable June 1, 1891, 4 per cent. and bonus 1 per cent.....	75,000 00	
Former dividends unpaid.....	422 19	
Rebate on bills discounted.....	27,098 55	
Balance of Profit and Loss Account carried for- ward.....	50,750 44	
	<hr/>	946,923 18
		<hr/>
		\$10,522,728 86

Assets.

Gold and silver coin.....	\$312,358 03	
Dominion Government notes.....	730,881 00	
	<hr/>	\$1,043,239 03
Notes of and Cheques on other banks.....	197,357 00	
Balance due from other banks in Canada.....	351,556 28	
Balance due from agents in foreign countries.....	345,447 59	
Balance due from agents in the United Kingdom.....	48,636 64	
Dominion of Canada debentures.....	\$161,407 31	
Province of Ontario securities.....	417,110 51	
Municipal and other debentures.....	447,090 08	
	<hr/>	\$1,025,607 90
Loans on call, secured by stocks and debentures.....	751,456 23	
	<hr/>	\$3,763,300 67
Total Assets immediately available.....	\$3,763,300 67	
Loans to Municipal and other Corporations.....	1,086,948 88	
Other Current Loans, Discounts and Advances.....	5,285,870 38	
Notes discounted overdue, unsecured (Estimated Loss pro- vided for).....	9,930 31	
Notes discounted overdue, secured.....	29,493 59	
Real Estate, the property of the Bank (other than Bank premises).....	69,749 87	
Mortgages on Real Estate sold by the Bank.....	95,234 34	
Bank Premises including Safes, Vaults and Office Furniture, at Head Offices and Branches.....	177,817 46	
Other Assets, not included under foregoing heads.....	4,383 36	
	<hr/>	\$10,522,728 86

D. R. WILKIE,
Cashier.

The usual votes of thanks were passed to the President and Directors, also to the cashier and other officers, for their attention and zeal in promoting the interests of the Bank.

The ballot was then taken for the election of Directors, which resulted in the election of the following shareholders, viz. : Messrs. H. S. Howland, T. R. Merritt, William Ramsay, T. R. Wadsworth, Robert Jaffray, Hugh Ryan, T. Sutherland Stayner.

At a subsequent meeting of the Directors Mr. Henry S. Howland was elected president, and Mr. Thomas R. Merritt, vice-president, for the ensuing year.

LA BANQUE VILLE-MARIE.

The Annual General Meeting of the Shareholders of this Bank was held in Montreal, at noon, Tuesday, June 16th, the president, Mr. W. Weir, in the chair, when the following report was submitted.

REPORT.

The Directors have the honor to submit the following report showing the result of the operations of the Bank for the year ending May 30th, 1891 :—

Net profits of the year, after deducting costs of management, the interest due to depositors and the amount appropriated to meet bad and doubtful debts....	\$37,289 20	
Balance at credit of Profit and Loss account on May 31st, 1890.....	3,064 74	
	<hr/>	
Making a total of.....		\$40,353 94
Appropriated as follows :—		
Dividend 3½ per cent. 1st December, 1890.....	\$16,773 75	
Dividend 3½ per cent. 1st June, 1891.....	16,773 75	
Deducted from Real Estate.....	,000 00	
Balance remaining at Profit and Loss.....	4,806 44	
	<hr/>	\$40,353 94

The net profits of the last twelve months, although closely approaching those of the previous year, have again suffered from the effects of a second bad harvest in the Province of Quebec, where the principal business of the Bank is transacted. The aim of the Directors, in view of the unsatisfactory state of trade, has been more in the direction of avoiding losses than in the attempt to earn large profits, and while the numerous failures have made the losses of the past six months somewhat larger than usual, the Bank has generally been secured, and in no particular case have the losses been serious.

In view of the importance of increasing the Rest account, your Directors are of the opinion that, until this fund has been considerably increased, the annual dividends should not exceed six per cent. ; and they trust the Shareholders will approve of this change as giving a better guarantee for permanent dividends and adding to the stability of the Bank.

BANK MEETINGS.

409

While recommending this course the Directors are pleased to state that they have recently been able to effect considerable saving in the expenses of management, which, in the absence of unforeseen losses, will tend to increase the net earnings of the current year.

The agencies have, as usual, been inspected from time to time, and both at these and at the Head Office the officers of the Bank have, as heretofore, been devoted to its interests.

The whole respectfully submitted,

W. WEIR,
President.

MONTREAL, 12th June, 1891.

GENERAL STATEMENT.

Assets.

Specie	\$	23,274	15
Dominion Notes		45,691	00
Notes and Cheques of other banks		45,702	48
Due by banks in Canada		31,242	91
Due by banks in foreign countries		5,812	54
Due by banks in the United Kingdom		82	51
Loans to Corporations		31,396	38
			\$ 183,201 97
Current Discounts	\$1,127,566		21
Overdue notes not specially secured		54,750	58
Other debts not specially secured		17,196	12
Overdue notes, secured		22,049	15
			\$1,221,562 06
Real Estate		34,295	34
Bank premises		20,670	09
Mortgages on Real Estate sold by the bank		20,135	90
Other assets, including shares held by the bank.		301,836	01
			376,937 34
			\$1,781,701 37

Liabilities.

Capital subscribed, \$500,000; paid-up	\$479,250	00	
Reserve		20,000	00
Profit and Loss		4,806	44
			\$504,056 44
Notes in circulation		331,995	00
Dominion Government deposits, payable on demand		21,113	32
Provincial Government deposits for insurance companies		20,000	00

Other deposits, payable on demand.....	171,194 05	
Other deposits, payable with interest.....	713,527 54	
Other liabilities.....	3,041 27	
Dividend payable June 1st, 1891.....	16,773 75	
		<hr/>
		\$1,277,644 93
		<hr/>
		\$1,781,701 37
		U. GARAND,
		Cashier.

MONTREAL, May 30, 1891.

In proposing the adoption of the report, the President remarked that, although the year just closed had been one of even greater commercial depression than its predecessor, the net profits have shown little or no falling off, remarking that the profits of the last six months had exceeded considerably those of the corresponding period of last year, giving reasonable ground for the belief that with an ordinary harvest, the Directors would be able to make a better showing during the current year. The staff of the Bank had to be maintained even under adverse circumstances, and although the Directors had been able to reduce considerably the expense account, much would depend upon increased activity particularly at the agencies, upon which the Bank relied for a considerable proportion of its profits.

Notwithstanding the falling off in deposits at some of the agencies, where the farmers have had to withdraw their funds to meet engagements, there had, upon the whole, been an increase of \$12,597. The loans at the agencies had also increased during the year from \$390,958 to \$411,818, as will be seen by the following figures:—

	1890.	1891.
Deposits.....	\$446,379 45	\$488,976 36
Loans.....	390,958 91	411,818 99

It will thus be seen that nearly all the deposits, including those at the city agencies, were loaned at the branches of the Bank, thus contributing to the prosperity of the districts in which the branches were located. The president further remarked that, although numerous failures had occurred at the various towns in which the agencies of the Bank were located, this institution had almost wholly escaped losses through such failures.

At the Head Office the Bank had not been quite so fortunate, which was perhaps partly due to the action of the board in closing down a number of weak accounts which it was evident would sooner or later have to be closed; and the class of paper now held gives the Directors reason to believe that the losses in the future will be small.

The deposits at interest showed a small falling off, but this was more apparent than real, as the Bank had last year several large temporary deposits, which have now been withdrawn, and the *bona fide* savings bank deposits had considerably increased. The policy of the Bank, the President remarked, was to place a considerable portion of the Savings Bank deposits in Government and municipal debentures and other first-class securities, so as to put a

larger portion of the Bank's assets beyond the reach of losses incident to ordinary business risk.

Referring to the recommendation of the board to limit the dividend to six per cent. for the immediate future, the President said that, although with ordinary good harvests, the earnings would no doubt be sufficient to continue paying seven per cent., with a considerable margin to be added to the reserve, the Directors felt that their proper course was to pay only such dividends as would always have a considerable margin.

Speaking of the prospects of the coming harvest, the President said that the advices received from several agencies of the Bank were so far unfavorable, the absence of rain in many localities being most severely felt, and the hay crop in Lower Canada would undoubtedly be below the average, while the grain crops might still be largely benefited by seasonable weather. As a rule he had advised the farmers to sell their crops promptly, whether they required the money or not; but his present advice to the farmers of this province was to retain in their own hands as much of last year's hay crop as they could conveniently hold, the large quantity of hay now being put upon the market having reduced prices to a minimum, from which there must, in the near future, be a considerable reaction, particularly should the present dry weather continue.

Advices from the agencies inform us that a considerable portion of the hay meadows have either been ploughed up or converted into pasturage,—a change rendered necessary not only by the McKinley tariff, but by the fact that many of these meadows have become exhausted. The President concluded by repeating his advice of last year, in which he urged upon Canadian farmers the importance of adopting a more thorough system of agriculture, a larger use of fertilizers, and the breeding of a class of horses and cattle better adapted for export to Great Britain and other European countries.

It was scarcely necessary to add his voice to the warnings given by other bankers to their city customers in respect to the evils of accommodation paper and long credit.

The report was seconded by W. Strachan, Esq., and unanimously adopted. Messrs. E. Lichtenheim and W. H. Weir, having been elected scrutineers, declared the following gentlemen unanimously elected directors for the ensuing year:—Messrs. W. Weir, W. Strachan, John T. Wilson, O. Faucher and Godfrey Weir. The usual votes of thanks were passed to the President and Directors, Cashier and other officers of the Bank, and to the scrutineers, after which the meeting adjourned.

At a subsequent meeting of the Board of directors, Mr. W. Weir was re-elected President, and Mr. W. Strachan, Vice-president.

TRADERS BANK.

The Sixth Annual Meeting of the Shareholders of the Traders Bank was held at the offices of the Bank, Toronto, on Tuesday, 16th June, 1891.

The President having taken the chair, Messrs. H. L. Hime and John Stark

were appointed scrutineers and Mr. Strathy secretary of the meeting. The following report was then submitted :—

REPORT.

Your Directors beg to submit to the Shareholders the Sixth Annual Report, showing the position of the Bank as on the 31st of May, 1891 :—

Balance at credit of Profit and Loss on 31st of May, 1890.....	\$ 1,384 94
Net profits for the year, after deducting charges of management, making full provision for all bad and doubtful debts, reserving accrued interest on outstanding deposit receipts, and crediting interest to date on all interest-bearing accounts	54,437 30
	<hr/> \$55,822 24

Appropriated as follows :—

Dividend No. 10, three per cent., payable 1st December, 1890.....	\$16,756 87
Dividend No. 11, three per cent., payable 1st June, 1891	17,788 89
	<hr/> \$34,545 76
Added to Rest Account	15,000 00
Written off Office Furniture Account.....	1,084 36
Balance carried forward.....	5,192 12
	<hr/> 21,276 48
	<hr/> \$55,822 24

At the last annual meeting the Directors intimated their intention of subscribing for sufficient stock to increase the paid-up capital of the Bank to \$600,000. As will be seen by the accompanying statement, this has been done. The net profits on the average paid-up capital were 9½ per cent. These could be considerably increased with a larger paid-up capital, which it is expected the Bank will have within a reasonable time.

The deposits of the Bank have increased over 35 per cent. during the past year, and the average rate of interest allowed on deposits is lower than that of former years.

Two vacancies have occurred on the board by the resignations of H. H. Cook, Esq., and Dr. Snelling, Q.C. Your Directors have not felt it necessary to fill the vacancies so created, and recommend that a by-law be passed reducing the number of Directors to five, which, in the opinion of your Directors, is ample for the present requirements of the Bank.

The losses during the year were trifling in amount, and have been fully provided for.

The offices, including head office, have all been inspected once or oftener during the year, and continue to receive the careful attention of your Directors. The officers have performed their respective duties to the satisfaction of the board.

ALEXANDER MANNING,
President.

BANK MEETINGS.

413

GENERAL STATEMENT.

31ST MAY, 1891.

Liabilities.

Capital stock paid up.....	\$ 600,200 00
Reserve account.....	35,000 00
Dividend No. 11, payable 1st June.....	17,788 89
Former dividends unpaid.....	94 41
Interest accrued on deposit receipts.....	8,251 79
Balance of profits carried forward.....	5,192 12
	\$ 666,527 21
Notes of the bank in circulation.....	\$ 467,235 00
Deposits bearing interest.....	\$1,643,569 85
Deposits not bearing interest.....	356,562 00
	2,000,131 85
Balance due to other banks.....	9,155 14
	\$2,476,521 99
	\$3,143,049 20

Assets.

Gold and silver and coin current.....	\$ 79,247 91
Dominion Government demand notes.....	180,683 00
Notes of and cheques on other banks.....	85,920 10
Balance due from other banks.....	48,584 50
Balance due from London agents.....	8,393 10
Balance due from New York agents.....	4,271 66
Dominion Government debentures.....	55,616 65
	\$ 465,716 92
Bills discounted current and loans on call.....	\$2,637,846 85
Notes discounted overdue (loss fully provided for).	1,458 45
Notes discounted overdue, secured by mortgage...	2,644 27
Mortgages on real estate sold by the bank.....	1,068 85
Bank premises (including safes, office furniture, etc.).....	37,313 86
	\$2,680,332 28
	\$3,143,049 20

H. S. STRATHY,
General Manager.

TORONTO, 31st May, 1891.

Moved by the President, seconded by Robert Thomson, Esq. That the report of the Directors, which has just been read, be adopted and printed for distribution among the Shareholders.

By-law No. 1 was rescinded and another substituted therefor, reducing the number of Directors to five.

After the usual vote of thanks to the President, Directors and Officers of the Bank, the scrutineers reported the following gentlemen duly elected to act as Directors for the ensuing year, viz.:—

Alexander Manning, William Bell (of Guelph), A. A. Allan, S. F. McKinnon and Robert Thomson (of Hamilton).

At a meeting of the newly-elected board, Alexander Manning, Esq., was re-elected President, and William Bell, Esq., Vice-president, by a unanimous vote.

DOMINION BUILDING AND LOAN ASSOCIATION.

The First Annual Meeting of the Shareholders of the Dominion Building and Loan Association was held on Wednesday, May 27th, 1891, at the office of the Association in Toronto, commencing at 2 o'clock in the afternoon.

On motion of Mr. Stratton, Dr. Burns, president of the Association, was called to the chair, and presided. About one hundred and fifty shareholders were present.

On motion of Mr. Millar, seconded by Mr. Selwyn, Messrs. W. A. Stratton, W. C. Perkins and W. Barclay Stephens were appointed scrutineers, who reported after examination that 22,093 shares of stock and 3009 shareholders were represented at the meeting.

PRESIDENT'S ADDRESS.

The President then read the following address:—

GENTLEMEN,—I am pleased to see such a large representation of the Association present at this our first annual meeting, and glad to see the interest manifested in the success of the Company. It is now a year old, but in reality scarcely ten months have been spent in placing our stock. As with all new companies, especially with those somewhat new in their nature, the first months—indeed, the first few years—are usually a continued struggle. It takes time to understand new principles fully, and some are too impatient to give the time necessary for such an investigation. As there are always some who consider it their special duty to attack anything out of the ordinary line, hostility may be expected. Had these criticisms been marked by fairness or shown any experience in the workings of such organizations as ours, we might have been discouraged. But since they have displayed little else than gross misrepresentation and ignorance of the principles of our Association, we have thus far allowed them to pass. The certainty of our success is simply a matter of calculation and business promptness. To those unable to make the calculations, it should be a satisfactory assurance that companies established on the same principles as ours have done all that we have promised, and are in a healthy state, likely to attain to a good old age.

We have been much gratified with the promptness and heartiness of the

local boards. To their fidelity we owe it that losses have been so few. The Loan Committee has met weekly to examine applications. No loan has been made until recommended by the local board, and a few thus recommended have been refused. Several have been cut down somewhat, but all, we think, have been amply secured.

I would suggest to all our visiting members a thorough examination of the practical workings of our Association. At least one member from each district represented here to-day should pay a visit to the Trust Company, in which our funds and securities are deposited. I believe that every officer who handles the funds of the company has furnished a reasonable guarantee bond. You know that no money can be drawn from the Trust Company without depositing securities corresponding to the draft. Nor can any of our funds be touched unless on the signature of the president, the managing director and the secretary-treasurer. I cannot close these remarks without saying that we have been very fortunate in our agents. Their success in placing our stock has been almost phenomenal. Before another year we shall have passed the amount of stock permitted on our charter, thus necessitating the increase of our capital to ten millions at least.

The annual financial report will now be submitted. Should anything appear obscure or unsatisfactory we are here to explain to the satisfaction of all.

A. BURNS,
President.

ASSETS AND LIABILITIES.

Assets.

Amount loaned on Mortgages.....	\$ 92,672 98
Interest and Premium due April 30th, 1891	1,228 05
Due from agents..	331 43
Cash on deposit with Trusts Corporation.....	15,026 91
“ “ “ Dominion Bank.....	142 68
“ Hand.....	55 69
	<hr/>
	\$109,457 74

Liabilities.

Payments on stock.....	\$106,302 89
12½ per cent. on capital paid in.....	3,039 92
Carried forward to Rest account.....	114 93
	<hr/>
	\$109,457 74
Value of real estate mortgaged to the Association	196,661 00
Amount of mortgages held by the Trusts Corporation of Ontario.	104,200 00
	<hr/>
Value in excess of mortgages.....	\$ 92,461 00

Approved loans in hands of our solicitors not completed....	.....\$	9,850 00
Applications for loans not acted on, but under consideration.....		7,300 00
Balance due on mortgages to be paid on completion of buildings.		11,527 02
		<hr/>
	\$	28,677 02
Amount of cash available for loans.....		16,784 76
		<hr/>
Leaving a balance of.....	\$11,892	26
applied for in excess of funds on hand.		
Number of mortgages, ninety-one.		
Average of loans, \$1,144.83.		

W. BORDEN STEPHENS,
General Manager.

TORONTO, 30th April, 1891.

TORONTO, May 27, 1891.

The Dominion Building and Loan Association, Toronto:—

GENTLEMEN,—We have examined the general ledger postings up to the 30th April carefully, and find that it agrees with the trial balance you have taken out. The statement of the Trusts Corporation of Ontario shows a balance in their hands in favor of the Company of \$15,354.58. We have also examined the mortgages held by the Trusts Corporation as securities for loans up to the 30th April, and they amount to \$101,000, and we understand that further mortgages, to the amount of \$5200, are in transit through the post, making a total of securities held against loans of \$106,200.

TOWNSEND & STEPHENS.

Mr. Stratton, in seconding the adoption of the report, said that it must be very gratifying to the shareholders of this Association to find that within ten months this new Association should have made such rapid progress, something unprecedented in the history of financial institutions in this Dominion. The working of the Association has been very satisfactory, and we can, we believe, look forward to the future with every degree of satisfaction. Some very unfriendly criticisms have been bestowed upon us, but we have no reason to doubt but that we will be able to carry out all that we have undertaken, and that the shareholders of this Association will reap all the great advantages we offer them.

Several other shareholders expressed their entire satisfaction in the Association, and predicted a bright future for the Company.

On motion the thanks of the meeting were tendered to the President, Directors and officers, for services rendered since the organization of the Association. The motion was unanimously adopted.

Hon. G. W. Ross replied to the vote of thanks on behalf of the Directors and officers; the meeting then adjourned.

FREEHOLD LOAN AND SAVINGS COMPANY.

The Thirty-second Annual Meeting of the Shareholders of this Company was held at the Company's office, Toronto, on the 2nd June.

A. T. Fulton; the President, occupied the chair, and S. C. Wood, acting as Secretary, read the report and financial statement.

REPORT.

The Directors in submitting their Thirty-second Annual Report have much pleasure in stating that the earnings of the Company amount to \$363,058.16; and that after deducting all charges, and paying two half-yearly dividends of 4 per cent. each, \$20,000 has been added to the Reserve Fund, and \$17,280 carried to Contingent Account.

The Reserve Fund is now \$648,918, or over 49 per cent. of the paid-up capital, requiring only a further addition of \$10,582 to make it 50 per cent.

The amount loaned on mortgage security during the year is \$900,770, and the re-payments by borrowers amount to \$1,217,259, being the largest amount collected in any one year in the history of the Company.

The demand for money throughout the year was active and the rates fair.

As intimated by the President at the last annual meeting, the Directors decided to reduce the dividend, for the purpose of bringing our reserve up to 50 per cent. and enlarging our contingent account.

The deposits and debentures of the Company, including interest, amount to \$4,061,090.90, constituting the total liability to the public, for which the Company holds the following security.

Mortgages on real estate, municipal bonds, office premises, etc.	\$6,140,405 33
Unpaid subscribed stock.....	1,904,400 00

Making a total of.....	\$8,044,805 33
Being about four millions in excess of the liabilities.	

The books, vouchers and securities of the Company have been carefully examined by the auditors, whose reports are hereto appended.

S. C. WOOD, *Manager*.
ALEX. T. FULTON, *President*.

TORONTO, 2nd June, 1891.

LIABILITIES AND ASSETS, 30TH APRIL, 1891.

Dr.

To the Public:—

Deposits.....	\$ 744,845 24	
Debentures, Currency.....	638,613 00	
Do Sterling.....	2,596,145 90	
Interest on above.....	\$1,485 70	
		<hr/>
		\$4,061,090 90

To the Shareholders:—

Capital	\$1,319,100 00	
Reserve	\$628,918 00	
Added this year.....	20,000 00	
	<hr/>	648,918 00
Contingent	\$56,522 66	
Written off.....	15,270 23	
	<hr/>	\$41,252 43
Added this year.....	17,280 00	
	<hr/>	\$57,532 43
Dividend due 1st June.....	52,764 00	
	<hr/>	2,079,314 43
		<hr/>
		\$6,140,405 33

Cr.

By Investments:—

Mortgages	\$5,703,176 85	
Stock Loans.....	35,662 00	
Dominion Land Script.....	1,064 93	
Corporate Bonds.....	36,337 58	
	<hr/>	\$5,776,241 36

Property owned:—

Building, Adelaide Street	\$ 126,068 06	
Furniture	1,715 23	
	<hr/>	127,783 29

Balances:—

British agents.....	\$ 2,308 75	
On hand and in banks	234,071 93	
	<hr/>	236,380 68
		<hr/>
		\$6,140,405 33

PROFIT AND LOSS.

Dr.

To interest paid or allowed:—

On deposits.....	\$ 31,368 73	
On Debentures, Currency.....	33,027 98	
On Debentures, Sterling.....	109,741 75	
	<hr/>	\$174,138 46

To expenses, including cost of management:—

Commission, Tax on Dividends, etc.....		46,111 70
--	--	-----------

To Profits, apportioned as follows:—

Dividends, two half-yearly, at 4 per ct. each.	105,528 00	
Contingent Fund.....	17,380 00	
Reserve.....	24,000 00	
	<hr/>	142,808 00
		<hr/>
		\$363,058 16

Cr.

By interest on investments, bank balances, etc.....	\$363,058 16
	\$363,058 16

TORONTO, 16th May, 1891.

A. T. FULTON, *President.*

S. C. WOOD, *Manager.*

The President, in moving the adoption of the report, addressed the meeting as follows:—

As foreshadowed last year, we have reduced our dividend to 8 per cent., which course has with some few exceptions met with the approval of the Shareholders.

Our reserve is now nearly 50 per cent. of our paid-up capital, and we hope this year to raise the reserve to 50 per cent., and make a very substantial addition to our contingent account, thereby improving our position as regards British capitalists, and at the same time providing for every possible contingency.

As predicted by me at our last Annual Meeting, the building of new lines of railway and the extension of others during the past year has placed every farmer in Manitoba within a reasonable and easy distance of a railway station. The Canadian Pacific Railway Company have entered into an agreement with the Government of Manitoba, in consideration of a bonus, which has been granted by the Legislature of that province, to extend the Souris branch to the coal fields.

This will be a great boon to the people of Manitoba. The high price and difficulty in obtaining fuel has been a very serious drawback to the majority of the settlers. In their annual report to the board, our general agents for Manitoba say:

“Railway construction is well up to the requirements of the province, and there is now scarcely any part that is not within easy reach of a market.

“The fuel question—a most important one in Manitoba—has at last been solved, and the immediate construction of the railway to the coal fields will assure the people of a supply of serviceable coal at less than half its present cost. The importance of this in the settlement and development of the country can scarcely be estimated.

“Generally speaking, the province has made substantial progress during the past year. A return of thirty million bushels of farm produce, composed of sixteen millions of wheat, nine and one-half millions of oats, two millions of barley, and two and one-half millions of potatoes, is the best evidence of its growth, and on every hand there appears a contentment, prosperity and confidence that augurs well for the future.”

We have written during the year \$15,270 off the contingent fund. This has been caused by our closing up loans where the securities had depreciated in value; and we intend each year to weed out such loans as may become unsatisfactory, and dispose of such properties held by us as are not yielding a fair income.

The Directors were very fortunate in being able to obtain at a fair price the lot on the corner of Adelaide and Victoria streets for our new office building. It was always considered one of the best locations in the city for office purposes, and the recent extension of Victoria street to King has made the site, from a business standpoint, all that could be desired.

We expect to move into our new premises in a few months.

Mr. C. H. Gooderham then seconded the motion, and made the following remarks: Although the reduction of the dividend, as foreshadowed at the last annual meeting, was contrary to the personal advantage and individual interests of the Directors, who are amongst the largest Shareholders, they felt that it was the wisest course, and therefore courageously carried out that resolution. It is exceedingly gratifying to know that this course has received the approval of nearly all the large stockholders. In carrying out this policy the Directors felt that the future interests of the Company must have the first consideration, in preference to any immediate or temporary inconvenience. The statements read by the Secretary and the remarks of the President are so full and explicit, that any further comment by me is unnecessary. I have pleasure, therefore, in seconding the report.

The resolution was carried unanimously.

Resolutions of thanks were tendered by the meeting to the President and Directors, and also to the Manager and staff.

Messrs. John Symons and W. E. Watson were appointed auditors for the ensuing year.

On a ballot being taken for the election of Directors, the scrutineers reported the following gentlemen elected: Messrs. A. T. Fulton, Charles H. Gooderham, W. J. McDonell, Wm. Elliot, W. F. McMaster, Thos. S. Stayner and Hugh Ryan.

At a subsequent meeting of the Directors, Mr. A. T. Fulton was elected President, and Mr. Chas. H. Gooderham, Vice-president.

Mr. MacDonell stated, that owing to advancement of years and increasing infirmities, he felt it but justice to himself and to the interests of the Company to tender his resignation, which was reluctantly accepted. On the motion of Mr. C. H. Gooderham, seconded by Mr. T. S. Stayner, the Hon. J. C. Aikins was then appointed director.

NOTE REDEMPTION OFFICES OF CANADIAN BANKS.

Under section 55 of the Bank Act, in force since the 1st July, 1891, all chartered banks must have an agent for the redemption of their note circulation at the following centres:—

Charlottetown, P.E.I.	Halifax, N.S.	St. John, N.B.
Montreal, Que.	Toronto, Ont.	Winnipeg, Man.
	Victoria, B.C.	

The following arrangements have been made by the banks named. Those cities and offices alone are given where a bank does not redeem at its own Branch Office.

BANKS IN ONTARIO.

<i>Bank.</i>	<i>Town.</i>	<i>Redemption Office.</i>
Bank of Toronto.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	Union Bank of Halifax.
	St. John,	Bank of Brit. N. A.
	Winnipeg,	“ “
	Victoria,	“ “
Can. Bank of Commerce.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	“ “
	Winnipeg,	Molson's Bank.
Dominion Bank.	Victoria,	Bank of B. Columbia.
	Charlottetown,	Merch. Bk. of Halifax.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Bank of Montreal.
Ontario Bank.	Winnipeg,	Imperial Bank.
	Victoria,	Bank of Brit. N. A.
	Halifax,	Bank of Nova Scotia.
	“	People's Bank.
	St. John,	Bank of Brit. N. A.
Winnipeg,	Imperial Bank.	
	Bank of Montreal.	
Victoria,	Bank of Montreal.	

Western Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal.	Merch. Bk. of Canada.
	Toronto.	“ “
	Winnipeg.	“ “
	Victoria,	Bank of Brit. N. A.
Bank of Ottawa.	Charlottetown,	Merch. Bk. of Halifax.
	Halifax,	Halifax Banking Co.
	St. John,	“ “
	Montreal,	Bank of Montreal.
	Toronto,	“ “
	Victoria,	Bank of Brit. N. A.
Standard Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Can. Bk. of Commerce.
	Winnipeg,	Imperial Bank.
	Victoria,	Bank of Brit. N. A.
Traders' Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Quebec Bank.
	Winnipeg,	Union Bank.
	Victoria,	Bank of Brit. Col.
Bank of Hamilton.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Bank of Toronto.
	Winnipeg,	Imperial Bank.
	Victoria,	Bank of Brit. Col.
Imperial Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax, }	{ Bk. of N.S., Montreal.
	St. John, }		{ Bk. & Un. of Halifax.
	Montreal,	Bank of Montreal.

BANKS IN QUEBEC (Province).

Bank of Montreal. Charlottetown, Merch. Bk. of P.E.I.

REDEMPTION OFFICES.

423

Bank of Brit. N. A.	Charlottetown,	Bank of Nova Scotia.
Banque du Peuple.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Toronto,	Molsons' Bank.
	Winnipeg,	“ “
	Victoria,	Bank of Brit. Col.
Banque Jacques-Cartier.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Toronto,	Bank of Brit. N. A.
	Winnipeg,	“ “
	Victoria,	“ “
Banque Ville-Marie.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	Bank of Montreal.
	St. John,	“ “
	Toronto,	“ “
	Winnipeg,	“ “
	Victoria,	“ “
Banque d'Hochelaga.	Charlottetown,	Merch. Bk. of Halifax
	Halifax,	“ “
	St. Johns,	Bank of Nova Scotia.
	Toronto,	Merch. Bk. of Canada.
	Winnipeg,	“ “
	Victoria,	Bank of Brit. Col.
Molsons' Bank.	Charlottetown,	Merch. Bk. of P.E.I.
	Halifax,	Halifax Banking Co.
	St. John,	Bk. of N. Brunswick.
Merchants Bank of Can.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	{ “ “
	St. Johns,	Merch. Bk. of Halifax
	Victoria,	Bank of Nova Scotia.
		Bank of B. N. A.
Banque Nationale.	Charlottetown,	Merch. Bk. of Halifax.
	Halifax,	“ “
	St. John,	Bk. of N. Brunswick.
	Toronto,	Bank of Toronto.
	Winnipeg,	Union Bk. of Canada.
	Victoria,	Bank of Brit. Col.

Quebec Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	Bank of Nova Scotia.
	Winnipeg,	Bank of Brit. N. A.
Union Bank of Canada.	Victoria,	“ “
	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
Banque de St. Jean.	Victoria,	Bank of Brit. N. A.
	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Banque du Peuple.
	Toronto,	Molson's Bank.
Banque de St. Hyacinthe.	Winnipeg,	“ “
	Victoria,	Bank of Brit. Col.
	Charlottetown,	Bank of Nova Scotia.
	Halifax,	“ “
	St. John,	“ “
	Montreal,	Merch. Bk. of Canada.
Eastern Townships Bank.	Toronto,	“ “
	Winnipeg,	“ “
	Victoria,	Bank of Brit. N. A.
	Charlottetown,	Bank of Nova Scotia.
	Halifax,	Bank of Montreal.
	St. John,	“ “
Bank of Nova Scotia.	Montreal,	“ “
	Toronto,	“ “
	Winnipeg,	“ “
	Victoria,	“ “
	Winnipeg,	Merch. Bk. of Canada.
	Victoria,	Comm'l. Bk. of Man.

BANKS IN NOVA SCOTIA.

Bank of Nova Scotia.	Toronto,	Merch. Bk. of Canada.
	“	Can. Bk. of Commerce.
	“	Quebec Bank.
	Winnipeg,	Merch. Bk. of Canada.
	“	Comm'l. Bk. of Man.
	Victoria,	Bank of Brit. Col.

Merch. Bank of Halifax.	St. John, Toronto, Winnipeg, Victoria,	Bk. of N. Brunswick. Merch. Bk. of Canada. " " Bank of Brit. Col.
People's Bank of Halifax.	Charlottetown, St. John, Montreal, Toronto, Winnipeg, Victoria,	Bank of Nova Scotia. Bk. of N. Brunswick. Ontario Bank. " " Comm'l. Bk. of Man. Bank of Brit. Col.
Union Bank of Halifax.	Charlottetown, St. John, Montreal, Toronto, " " Winnipeg, Victoria,	Merch. Bk. of Halifax. Bk. of N. Brunswick. Bank of Toronto. " " Imperial Bank. " " Bank of Brit. Col.
Exch. Bk. of Yarmouth.	Charlottetown, Halifax, St. Johns, Montreal, Toronto, Winnipeg, Victoria,	Merch. Bk. of Halifax. People's Bk. of Halifax. Bank of Brit. N. A. Merch. Bk. of Canada, " " " " Bank of Brit. N. A.
Comm'l. Bk. of Windsor.	Charlottetown, Halifax, St. John, Montreal, Toronto, Winnipeg, Victoria,	Bank of Nova Scotia. " " Bk. of N. Brunswick. Merch. Bk. of Canada. " " " " Bank of Brit. Col.

BANKS IN NEW BRUNSWICK.

Bank of New Brunswick.	Charlottetown, Halifax, Montreal, Toronto, Winnipeg, Victoria,	Merch. Bk. of Halifax. Union Bk. of Halifax. Molsons' Bank. " " " " Bank of Brit. N. A.
------------------------	---	--

St. Stephen's Bank.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	Bank of Montreal.
	St. John,	" "
	Montreal,	" "
	Toronto,	" "
	Winnipeg,	" "
	Victoria,	" "

BANKS IN MANITOBA.

Commercial Bk. of Man.	Charlottetown,	Bank of Nova Scotia.
	Halifax,	" "
	St. John,	" "
	Montreal,	Merch. Bk. of Canada.
	Toronto,	" "
	Victoria,	Bank of Brit. Col.

BANKS IN PRINCE EDWARD ISLAND.

Bank of Summerside.	Charlottetown,	Merch. Bank of P.E.I.
	Halifax,	Bank of Nova Scotia.
	St. John,	Bk. of New Brunswick.
	Toronto,	Molsons' Bank.
	Montreal,	" "
	Winnipeg,	Bank of Brit. N. A.
	Victoria,	" "

The redeeming offices of the Halifax Banking Company, the Bank of Yarmouth, the People's Bank of New Brunswick and the Bank of British Columbia are unavoidably held over.

STOCK QUOTATIONS.

427

MONTREAL AND TORONTO STOCK EXCHANGE QUOTATIONS.

Revised according to the official lists up to the first day of the month. The following tables include all securities listed on the Montreal and Toronto Stock Exchanges: these are designated by the letters "M" and "T."

The Quotations indicate the last bid or asked price. Quotations marked * are the ruling prices, ex-dividend. The highest and lowest price for the year 1890, actual sales are given for comparison.

BANKS.

NAME.	Share Value.	Last Divid'd per cent.	Year 1890.		Montreal.		Toronto.		
			Per cent. High.Low.		Per cent July 15, 1891.				
			Bid.	Ask.	Bid.	Ask.			
Toronto	M & T	100	5	225	207	217*	225*	219	225
Commerce.	M & T	50	3½	131	122½	128½	129½*	128½	129
Dominion.	M & T	50	5 & 1	234½	234	...	...	230½	232½
Ontario	M & T	100	3½	133½	109*	111*	114*	110	115
Standard.	M & T	50	4	148	139½	...	...	154	...
Imperial	M & T	100	4	159½	150	...	...	161	162
Traders		100	3	...	...	...	...	...	...
Hamilton	M & T	100	4	162	151½	...	...	155	160
Ottawa		100	4	...	...	...	...	...	...
Western		100	3½	...	...	...	...	...	...
Montreal.	M & T	200	5	234½	214½	222½*	222½*	221	223½
British North Am..	M	243	4	...	...	...	...	154½	157½
Du Peuple.	M	50	3	98	96	98	99½	...	...
Jacques Cartier. . .	M	25	3½	94	...	99*	100½*	...	...
Ville-Marie.	M	100	3½	...	...	96½*	...	...	...
Hochelaga.	M	100	3	101	100	114*	120½*	...	...
Molsons	M & T	50	4	166	156	157	165	...	...
Merchants of Can..	M & T	100	3½	147	140	146*	148*	145½	147
Nationale.	M	30	3	...	...	...	...	...	...
Quebec.	M	100	3½	120	118	120	...	...	...
Union of Canada....	M	60	3	...	...	...	98	...	...
St. Jean . . . . .		...	2	...	...	...	...	...	...
St. Hyacinthe . . . .		...	3	...	...	...	...	...	...
Eastern Townships.	M	100	3½	130	...	135	150	...	...
Nova Scotia		100	3½	...	...	154	156	...	...
Merchants of Halifax. . .		100	3	...	...	132	133½	...	...
Peoples of Halifax.		20	3	...	...	112	113	...	...
Union of Halifax.		100	3	...	...	116	117½	...	...
Halifax Banking Co		20	3	...	...	115	116½	...	...
Yarmouth		75	3	...	...	...	...	...	...
Exchange of Yarmouth. . . . .		...	...	...	...	...	...	...	...
Commercial of Windsor.		40	3	...	...	...	...	...	...
New Brunswick.		100	6	...	...	...	...	...	...
Peoples of N.B.		50	4	...	...	...	...	...	...
St. Stephens		100	3	...	...	...	...	...	...
Summerside . . . . .		...	...	...	...	...	...	...	...
British Columbia.		20	6	...	...	London..	185	185	190
Commercial of Manitoba.	M.	100	3½	...	...	do	85	85	90

STOCK EXCHANGE QUOTATIONS.

Revised according to the official lists up to the first day of the month. The following tables include all securities listed on the Montreal and Toronto Stock Exchanges; these are designated by the letters "M" and "T."

The Quotations indicate the last bid or asked price. Quotations marked * are the ruling prices, ex-dividend. The highest and lowest price for the year 1890, actual sales, are given for comparison.

LOAN COMPANIES.

NAME.	Share Value.	Last Dividend per cent.	Year 1890.		Montreal.		Toronto.	
			Per cent. High.	Low.	Per cent. July 15, 1891.			
					Bid.	Ask.	Bid.	Ask.
Agricultural Sav. and Ln.	50	3½						
Brit. Can. Ln. and Inv. T	100	3½	115	110½			110	
Brit. Mortgage Loan	100	3½						
Building and Ln. Ass. T	25	3	108½	105			110	
Can. Landed and Nat. Inv. T	100	3½					124½	125
do Permanent Ln. and Sav. T	50	6	107	198½				200
Ditto 20 per cent. T	50		200	184½*				189
Canadian Sav. and Loan T	50	3½						
Cent. Canada Ln. and Sav. T	100	3	124	124			120	
Ditto New Stock. T	100						115	
Dom'n. Sav. and Inv. Soc. T	50	3	89½	80½				96
Farmers' Ln. and Sav. T	50	3½	123½	119½			122	
Ditto 20 per cent. T	50		115	110			111	
Freehold Ln. and Sav. T	100	4	159½	132½			142	
Ditto 20 per cent. T	100		146	121½			132	
Hamilton Prov. and Ln. Soc. T	100	3½	126	125			121	
Home Sav. and Ln. T	100	3½						
Huron and Erie Ln. and Sav. T	50	4½	160	159			155	
Ditto 20 per cent. T	50		148½	145*			144	
Huron and Lambton Ln. T	50	4						
Imperial Ln. and Inv. T	100	3½	124½	119½			122	
Landed Banking and Ln. T	100	5						
Land Security. T	25	5	250	225				225
London & Canada Ln. & Agy T	50	4	134½	122½			126	
London and Ontario Inv. T	100	3½	114½	113			115	
London Loan. T	50	3½						
Manitoba Investment	100	4						
Do and North-west Ln. T	25	3½	112	110			107	
Montreal Building Assn. T	50							
Do Ln. and Mortgage. M	100	3			128	135		
Montreal Inv. and Building. T	25	3						
Nor. of Scot. Canada Mortg. T	50	5					150	
Ontario Ind. Ln. and Inv. T	100	3½	118	115				
Do Inv Ass. T	50	4						
Do Ln. and Deb. T	50	3½	125½	125			125½	128½
Do Ln. and Sav. T	50	3½						
Peoples Ln. and Dep. T	50	3½	118½	113½			113	
Real Estate Ln. and Deb. T	50		41	36			50	
Royal Ln. and Sav. T	50	4						
Toronto Land and Inv. Cor. T	50	3	115	110				

STOCK QUOTATIONS.

429

STOCK EXCHANGE QUOTATIONS.

Revised according to the official lists up to the first day of the month. The following tables include all securities listed on the Montreal and Toronto Stock Exchanges: these are designated by the letters "M" and "T."

The Quotations indicate the last bid or asked price. Quotations marked * are the ruling prices, ex-dividend. The highest and lowest price for the year 1890, actual sales, are given for comparison.

LOAN COMPANIES—Continued.

NAME.	Share Value.	Last Dividend per cent.	Year 1890.		Montreal. Toronto.			
			High.	Low.	Per cent. July 15, 1891.			
					Bid.	Ask.	Bid.	Ask.
Toronto Land and Loan.... T	50	3	.....	.....	.....	.....	110	.....
Do Savings and Loan.... T	100	3	130	130	.....	.....	112	.....
Union Ln. and Sav..... T	50	4	134½	130	.....	.....	152	.....
Western Canada Ln. and Sav. T	50	5	182	178	.....	.....	.....	179
Ditto 25 per cent... T	50	.....	172½	168	.....	.....	162½	165

INSURANCE COMPANIES.

Accident of North Am.....	100	3	.....	.....	.....	.....	.....	.....
British America... T	50	3½	111½	102	.....	.....	98½	101
Canada Life..... T	400	5	.....	.....	.....	.....	.....	.....
Citizens of Canada.....	85	3	.....	.....	.....	.....	.....	.....
Confederation Life Ass..... T	100	7½	.....	.....	.....	.....	.....	.....
Guarantee of N. A.... M	50	3	.....	.....	.....	.....	.....	.....
Quebec Fire.....	100	2½	.....	.....	.....	.....	.....	.....
Queen City Fire.....	50	5	.....	.....	.....	.....	.....	.....
Royal Canadian.....	25	3½	.....	.....	90	96	.....	.....
Sun Life.....	100	6	.....	.....	242	245	.....	.....
Western..... T	40	5	151½	135	.....	.....	142	144

NAVIGATION AND RAILWAY COMPANIES.

Canada Shipping..... M	100	5	.....	.....	.....	.....	.....	.....
Canadian Pac. Ry..... M & T	100	2½	.....	.....	52½	52½	52½	52
Rich. and Ont. Nav..... M	100	3	.....	.....	59	60	.....	.....
St. Paul, Min. & Man. Ry.. M	100	3	.....	.....	.....	.....	.....	.....

GAS AND STREET RAILWAY COMPANIES.

Consumers' Gas..... T	50	2½	180	170	.....	.....	172½	174½
Montreal Gas..... M	40	6	.....	.....	206*	209*	.....	.....
Ditto New Stock..... M	.....	.....	.....	.....	186	200	.....	.....
Montreal Street Railway... M	50	4	.....	.....	187½*	190*	.....	.....
Ditto New Stock..... M	.....	.....	.....	.....	186	200	.....	.....

STOCK EXCHANGE QUOTATIONS.

Revised according to the official lists up to the first day of the month. The following tables include all securities listed on the Montreal and Toronto Stock Exchanges: these are designated by the letters "M" and "T."

The Quotations indicate the last bid or asked price. Quotations marked * are the ruling prices, ex-dividend. The highest and lowest price for the year 1890, actual sales, are given for comparison.

TELEGRAPH, TELEPHONE AND ELECTRIC LIGHT COMPANIES.

NAME.	Share Value.	Last Dividend per cent.	Year 1890.		Montreal.		Toronto.	
			Per cent. High.	Low.	Per cent. July 15, 1891.			
					Bid.	Ask.	Bid.	Ask.
Bell Telephone..... M	100	4			126	130		
Commercial Cable..... M	100	1 $\frac{1}{2}$			104*	105 $\frac{1}{2}$ *		
Dominion Telegraph..... T	50	1 $\frac{1}{2}$	89	83 $\frac{1}{2}$			85	87
Montreal do ..M & T	40	2	101 $\frac{1}{2}$	93	104 $\frac{1}{2}$	105 $\frac{1}{2}$ *		
Royal Electric M	10				112*			

COTTON COMPANIES.

Canada Cotton M	100				30	45		
Coaticooke Cotton.....	100							
Dominion do M	100	5			120	130		
Dundas do M	100							
Hochelaga do M	100	5						
Kingston do M	100							
Montreal do M	100	3			70	80		
Stormont do M	100	3						
Merchants' Manf..... M	100	3				50		

MINING AND MANUFACTURING COMPANIES.

Canada Paper M	100	5						
New England Paper.....	100							
Starr Manf.....	100							
Intercolonial Coal..... M	100				20	35 $\frac{1}{2}$		
Londonderry Iron..... M								
National Cordage..... M					89*	92*		89*

MISCELLANEOUS STOCKS.

		£	s	d					
Canada Nor.W. Land.. M & T	4.17.6						76*	78*	76 $\frac{1}{2}$
Dominion Cattle Co.....		3 $\frac{1}{2}$							
Globe Printing Co..... T	\$500								
Ont. and Qu'Appelle Land....	100								57 $\frac{1}{2}$
Montreal City 4% Stock..... M						104			
Ditto 5% do M									
Ditto 7% do M									
Victoria Rolling Stock..... T	5000	5							150

STOCK QUOTATIONS.

431

STOCK EXCHANGE QUOTATIONS.

BONDS.

NAME.	Value.	Interest per cent.	Year 1890.	Montreal.		Toronto.	
				Per cent. July 15, 1891.			
			Per cent. High.	Per cent. Low.	Bid.	Ask.	Bid.	Ask.
Bell Telephone M							
Canada Central Ry M				117			
Canadian Pac. Ld. Grant. M & T		2½		107½	109¾		
Canada Cotton M					99		
Champ. and St. Law. Ry M				99	100½		
Dominion Cotton M				99¾			
Montreal Harbour 5 % M							
Intercolonial Coal M							
Kingston Cotton M							
Merchants' Manuf M							
Montreal Cotton M				100			

CANADIAN SECURITIES IN ENGLAND.

NAME.	LONDON.			
	June 18.	June 25.	July 2.	July 9.
Canada, 3 per cents.	92	92½	92½	94
Ditto 3½ per cents.	101	101	101	103
Ditto 4 per cents., 1885	106	106	104	108*
Ditto 4 per cents., 1874-9	103	104		
British Columbia 4½ per cents.	110	110	108*	108
Ditto 5 per cents., 1865				
Manitoba 5 per cents., 1888				
Quebec Prov. 4 per cents.	96	97	95	97*
Ditto 4½ per cents.				
Ditto 5 per cents., 1883				
Montreal 3 per cents.	79	79	80	81
Ditto 5 per cents., 1873				
Ditto 5 per cents., 1874				
Quebec City 4½ per cents., 1884-87	100	100	100	101
Ditto 6 per cents., 1873				
Ditto 6 per cents., 1875				
Ditto 6 per cents., 1878			109	109
Toronto 3½ per cents.	93	93	93	93
Ditto 4 per cents.				101
Winnipeg 5 per cents.	107	107	107	107
Ditto 6 per cents., 1883	114	115	112	112
Canadian Pacific Shares	81½	81½	82	83½
Ditto 1st Mortgage Bonds	116	116	114½	115*
Ditto 3½ per cent. Ld. Grant Bonds.	97½	97½	95½	96½*
Ditto 4 per cent. Debenture Stock	99	99	99	99
Ditto Columbia and Kootenay Bonds				
Ditto Souris Branch Bonds				
Grand Trunk Ordinary Stock	8¾	8¾	8¾	8¾
Ditto 1st Preference	59	59½	61	62½

CANADIAN SECURITIES IN ENGLAND—Continued.

NAME.	LONDON.			
	June 18.	June 25.	July 2.	July 9.
Grand Trunk 2nd Preference.....	39	39 $\frac{3}{4}$	41	42
Ditto 3rd do	21 $\frac{3}{4}$	22 $\frac{1}{2}$	22 $\frac{1}{2}$	22 $\frac{1}{2}$
Ditto 4 per cent. Guaranteed.....	69 $\frac{1}{2}$	69 $\frac{1}{2}$	70 $\frac{1}{2}$	72
Ditto 4 per cent. Debenture Stock...	9 4	94	94 $\frac{1}{2}$	95
Ditto 5 per cent. do	121	121	120	120
Ditto Great West. 5% do .....	.....	.....	.....	118
Ontario and Quebec Shares.....	143	143	144	144
Ditto Debenture Stock.....	125	125	126	126
Qu'Appelle & Long Lake 1st Mtg. Bds.	110	102	.....	101
Quebec & Lake St. John 1st Mtg. Bonds	.....	.....	.....	86
St. Lawrence and Ottawa do .....	.....	.....	.....	97
Temiscouata 1st Mortgage Bonds.....	.....	.....	.....	90
Ditto St. Francis Branch.....	.....	.....	.....	90
St. John and Maine shares.....	.....	.....	.....	26 $\frac{1}{2}$

MINING COMPANIES.

NAME.	Value of Share.	Paid-up Capital	LONDON.	
			July 9, 1891.	
			Bid.	Asked.
Excelsior Copper (Lt'd).....	£ 1	£410,738	.....	.....
Nicola (Lt'd).....	1	35,000	.....	.....
Shuniah Weachu (Lt'd).....	1	99,888	.....	.....
Silver Wolverine	1	68,465	.....	.....
Tilt Cove Copper.....	2	160,000	.....	.....
Ditto Preference 10% shares...	2	13,478	.....	.....
Ditto £80,000 5 $\frac{1}{2}$ % Deb .....	.....	.....	.....	.....
General Mining Lt'd).....	8	219,752	3 $\frac{1}{4}$	3 $\frac{3}{4}$
Low Point, Barrasois and Lingan.....	\$100	509,100	.....	.....
New Vancouver, Coal Mining and Land (Lt'd).....	£ 1	185,000	$\frac{3}{4}$	1
North Western Coal and Nav. (Lt'd)....	10	149,500	.....	.....
Ditto Preferred Stock	100	900	.....	.....
Ditto £160,000 6% Deb. coupons..	.....	.....	.....	.....
Sidney and Louisburg Coal and Ry. Ord-inary Shares	10	250,000	$\frac{1}{2}$	$\frac{1}{2}$
1st Preference 10% cumulative.....	10	30,000	7 $\frac{1}{2}$	8 $\frac{1}{2}$
2nd Pref. 6% non-cumulative	10	14,560	3	5
Anglo-Canadian Asbestos (Lt'd).....	2	11,490	.....	.....
Bell's Asbestos (Ltd).....	5	120,000	7 $\frac{1}{2}$	8
Ditto £66,800 5% Deb.....	.....	.....	.....	.....
Anglo-Canadian Phosphate (Lt'd).....	10	46,510	.....	.....
Ditto Deferred Shares.....	10	25,000	.....	.....
Canadian Phosphate (Lt'd).....	1	110,000	.....	.....
General Phosphate (Lt'd).....	10	39,024	.....	.....
Ditto Founders' shares.....	10	5,200	.....	.....

SUPPLEMENT,

33 VICTORIA.

CHAP. 31.

An Act respecting Banks and Banking.

[Assented to 16th May, 1890.]

HER MAJESTY, by and with the advice and consent of the Senate and House of Commons, of Canada, enacts as follows :—

SHORT TITLE.

1. This Act may be cited as "*The Bank Act.*" Short title.

INTERPRETATION.

2. In this Act, unless the context otherwise requires,—
- (a) The expression "the bank" means any bank to which this Act applies; Interpretation.
"The bank."
- (b) The expression "Treasury Board" means the board provided for by section nine of chapter twenty-eight of the Revised Statutes of Canada, or any Act in amendment thereof or substitution therefor; "Treasury board."
- (c) The expression "goods, wares and merchandise" includes, in addition to the things usually understood thereby, deals, boards, staves, saw-logs and other lumber, crude oil, and all agricultural produce and other articles of commerce; "Goods, wares and merchandise."
- (d) The expression "warehouse receipt" means any receipt given by any person for any goods, wares, or merchandise, in his actual, visible and continued possession, as bailee thereof, in good faith, and not as of his own property, and includes receipts given by any person who is the owner or keeper of a harbor, cove, pond, wharf, yard, warehouse, shed, storehouse or other place for the storage of goods, wares or merchandise, for goods, wares and merchandise delivered to him as bailee, and actually in the place, or in one or more of the places owned or kept by him, whether such person is engaged in other business or not; "Warehouse receipt."

“ Bill of lading.”

(c) The expression “ bill of lading ” includes all receipts for goods, wares or merchandise, accompanied by an undertaking to transport the same from the place where they were received to some other place, whether by land or water, or partly by land and partly by water, and by any mode of carriage whatever :

“ Manufacturer.”

(r) The word “ manufacturer ” includes maltsters, distillers, brewers, refiners and producers of petroleum, tanners, curers, packers, canners of meat, pork, fish, fruit or vegetables, and any person who produces by hand, art, process or mechanical means any goods, wares or merchandise.

APPLICATION OF ACT.

To what banks the Act applies.

3. The provisions of this Act apply to the several banks enumerated in Schedule A to this Act, and to every bank incorporated after the first day of January, in the year one thousand eight hundred and ninety, whether this Act is specially mentioned in its Act of incorporation or not, but not to any other bank, except as hereinafter specially provided.

Charters continued to 1st July, 1901.

4. The charters or Acts of incorporation, and any Acts in amendment thereof, of the several banks enumerated in Schedule A to this Act, are continued in force, so far as regards the incorporation and corporate name, the amount of capital stock, the amount of each share of such stock, and the chief place of business of each bank, until the first day of July, in the year one thousand nine hundred and one, subject to the right of each bank to increase or reduce its capital stock in the manner hereinafter provided ; and as to all other particulars this Act shall form and be the charter of each of the said banks until the said first day of July, in the year one thousand nine hundred and one,—subject in the case of La Banque du Peuple to the provisions hereinafter made in respect to that bank : Provided always, that the said charters or Acts of incorporation are hereby continued in force only in so far as they, or any of them, are not forfeited or rendered void under the terms thereof, or of this Act, or of any other Act passed, or to be passed, by reason of the non-performance of the conditions thereof, or by insolvency, or otherwise.

As to other particulars.

Proviso: as to forfeiture.

What provisions shall apply to La

5. All the provisions of this Act, except those contained in sections three, six to seventeen (both inclusive), nineteen to twenty-seven (both inclusive), thirty-three, forty-five, and eighty-nine to

ninety-six (both inclusive), apply to La Banque du Peuple : Provi- Banque du
ded, that wherever the word " directors " is used in any of the sec- Peuple.
tions which apply to the said bank, it shall be read and construed as Proviso : as
meaning the principal partners or members of the corporation of to directors.
the said bank ; and so much of the Act incorporating the said
bank, or of any Act amending or continuing it, as is inconsistent Inconsistent
with any section of this Act applying to the said bank, or which enactments
makes any provision in any matter provided for by such sections repealed.
other than such as is hereby made, is hereby repealed ; otherwise,
the said Acts are continued in force, subject to the proviso con-
tained in section four of this Act.

6. The provisions contained in sections two, seven, thirty- What provi-
seven, forty-seven to eighty-eight (both inclusive), and ninety- sions shall
seven to one hundred and four (both inclusive), apply to the Bank apply to the
of British North America and the Bank of British Columbia Banks of
respectively ; and the provisions contained in the other sections of British North
this Act do not apply to the said banks. America and
of B. C.

7. For the purposes of the several sections of this Act made Chief seat of
applicable to the Bank of British North America and the Bank of business of
British Columbia, the chief office of the Bank of British North the said
America shall be the office of the Bank at Montreal, in the Pro- banks.
vince of Quebec, and the chief office of the Bank of British
Columbia shall be the office of the bank at Victoria, in the province
of British Columbia.

8. The provisions of this Act may be extended to the Mer- How Mer-
chants' Bank of Prince Edward Island by the Treasury Board, chants' Bank
upon the application of the directors of the said bank, before the of P. E. I.
expiration of the present charter of the said bank ; and upon pub- may come
lication in the *Canada Gazette* of the resolution of the directors under this
applying hereunder, and of the minute of the Treasury Board Act.
thereon allowing such application, the provisions of this Act shall,
from the time named in such minute, or if there is no time named
therein, from the date of the application thereof in the *Canada
Gazette*, apply to the said bank ; and its charter and Act of incor-
poration, and any Acts in amendment thereof, shall thereupon be
extended for the same time and to the extent as if the name of the
said bank had been included in Schedule A to this Act.

INCORPORATION AND ORGANIZATION OF BANKS.

- Matters to be provided for in special Act.** **9.** The capital stock of every bank hereafter incorporated, the name of the bank, the place where its chief office is to be situated, and the name of the provisional directors shall be declared in the Act of incorporation of every such bank ;
- Form of Act of incorporation.** **2.** An Act of incorporation of a bank, in the form set forth in Schedule B to this Act, shall be construed to confer upon the bank thereby incorporated all the powers, privileges and immunities, and to subject it to all the liabilities and provisions set forth in this Act.
- Capital stock and shares.** **10.** The capital stock of any bank hereafter incorporated shall be not less than five hundred thousand dollars, and shall be divided into shares of one hundred dollars each.
- Provisional directors.** **11.** The number of provisional directors shall be not less than five nor more than ten, and they shall hold office until directors are elected by the subscribers to the stock, as hereinafter provided.
- Opening of stock books** **12.** For the purpose of organizing the bank, the provisional directors may cause stock books to be opened, after giving public notice thereof,—upon which stock books shall be recorded the subscriptions of such persons as desire to become shareholders in the bank ; and such book shall be opened at the place where the chief office of the bank is to be situate, and elsewhere, in the discretion of the provisional directors, and may be kept open for such time as they deem necessary.
- First meeting of subscribers.** **13.** So soon as a sum not less than five hundred thousand dollars of the capital stock of the bank has been *bonâ fide* subscribed, and a sum not less than two hundred and fifty thousand dollars thereof has been paid to the Minister of Finance and Receiver General, the provisional directors may, by public notice, published for at least four weeks, call a meeting of the subscribers to the said stock, to be held in the place named in the Act of incorporation as the chief place of business of the bank, at such time and at such place therein as set forth in the said notice ; at which meeting the subscribers shall determine the day upon which the annual general meeting of the bank is to be held, and shall elect such number of directors, duly qualified under this Act, not less than five nor more than ten, as they think necessary, who shall hold office until
- Notice.**
- Election of directors.**

the annual general meeting in the year next succeeding their election; and upon the election of the directors as aforesaid the functions of the provisional directors shall cease.

14. The bank shall not issue notes nor commence the business of banking until it has obtained from the Treasury Board a certificate permitting it to do so, and no application for such certificate shall be made until directors have been elected by the subscribers to the stock in the manner hereinbefore provided; and every director, provisional director, or other person, issuing or authorizing the issue of the notes of such bank, or transacting or authorizing the transaction of any business in connection with such bank, except such as is hereinbefore provided, before the obtaining of the certificate from the Treasury Board, shall be guilty of an offence against this Act. Conditions previous to commencing business by new banks.

15. No certificate shall be given by the Treasury Board until it has been shown to the satisfaction of the Board, by affidavit or otherwise, that all the requirements of this Act and of the special Act of incorporation of the bank, as to the payment required to be made to the Minister of Finance and Receiver General, the election of directors, deposit for security for note issue, or otherwise, have been complied with, and that the sum so paid was then held by the Minister of Finance and Receiver General; and no certificate as aforesaid shall be given except within one year from the passing of the Act of incorporation of the bank applying for the said certificate. When certificate may be granted.

16. In the event of the bank not obtaining a certificate from the Treasury Board within one year from the time of the passing of its Act of incorporation, all the rights, powers and privileges conferred on such bank by its Act of incorporation shall thereupon cease and determine, and be of no force and effect whatever. If certificate is not granted.

17. Upon the issue of the certificate in manner hereinbefore provided, the Minister of Finance and Receiver General shall forthwith pay to the bank the amount of money so deposited with him as aforesaid, without interest, after deducting therefrom the amount required to be deposited under section fifty-four of this Act; and in case no certificate is issued by the Treasury Board within the time limited for the issue thereof, the amount so depos- Disposal of amount deposited with Minister of Finance.

ited shall be returned to the person depositing the same; but in no case shall the Minister of Finance and Receiver General be under any obligation to see to the proper application of the same in any way.

INTERNAL REGULATIONS.

By-laws may be made.

18. The shareholders of the bank (or, in the case of La Banque du Peuple, the principal partners or members of the corporation thereof) may regulate, by by-law, the following matters incident to the management and administration of the affairs of the bank, that is to say:—The day upon which the annual general meeting of the shareholders for the election of directors shall be held; the record to be kept of proxies, and the time, not exceeding thirty days, within which proxies must be produced and recorded prior to a meeting in order to entitle the holder to vote thereon; the number of the directors, which shall not be less than five and not more than ten, and the quorum thereof, which shall not be less than three; their qualification, subject to the provisions hereinafter made; the method of filling vacancies in the board of directors whenever the same occur during each year, and the time and proceedings for the election of directors, in case of a failure of any election on the day appointed for it; the remuneration of the president, vice-president and other directors; and the amount of discounts or loans which may be made to directors, either jointly or severally, or to any one firm or person, or to any shareholder, or to corporations:

Guarantee and pension funds.

2. 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:

Certain by-laws continued.

3. Until it is otherwise prescribed by law under this section, the by-laws of the bank on any matter which may be regulated by by-law under this section shall remain in force, except as to any provision fixing the qualification of directors at an amount less than that prescribed by this Act; and no person shall be elected or continue to be a director unless he holds stock paid up to the amount required by this Act, or such greater amount as is required by any by-law in that behalf:

Banque du Peuple excepted.

4. The foregoing provisions of this section, touching directors, shall not apply to La Banque du Peuple, which shall in these matters be governed by the provisions of its charter.

19. The stock, property, affairs and concerns of the bank shall be managed by a board of directors, who shall be elected annually in manner hereinafter provided, and shall be eligible for re-election :

2. Each director shall hold capital stock of the bank as follows : —When the paid-up capital stock is one million dollars or less, each director shall hold stock on which not less than three thousand dollars has been paid up ; when the paid-up capital stock is over one million dollars and does not exceed three million dollars, each director shall hold stock on which not less than four thousand dollars has been paid up ; and when the paid-up capital stock exceeds three million dollars, each director shall hold stock on which not less than five thousand dollars has been paid up :

3. A majority of the directors shall be natural-born or naturalized subjects of Her Majesty :

4. The directors shall be elected by the shareholders on such day in each year as is appointed by the charter or by any by-law of the bank, and such election shall take place at the head office of the bank at such time of the day as the directors appoint ; and public notice thereof shall be given by the directors, by publishing the same for at least four weeks previous to the time of holding such election, in a newspaper published at the place where the said head office is situate :

5. The persons, to the number authorized to be elected, who have the greatest number of votes at any election, shall be the directors :

6. If it happens at any election that two or more persons have an equal number of votes, and the election or non-election of one or more of such persons as a director or directors depends on such equality, then the directors who have a greater number, or the majority of them, shall determine which of the said persons so having an equal number of votes shall be the director or directors, so as to complete the full number ; and the said directors, as soon as may be, after the said election, shall proceed to elect, by ballot, two of their number to be president and vice-president respectively :

7. If a vacancy occurs in the board of directors, such vacancy shall be filled in the manner provided by the by-laws ; but the non-filling of the vacancy shall not vitiate the acts of a quorum of the remaining directors ; and if the vacancy so created is in the office of the president or vice-president, the directors shall, from

among themselves, elect a president or vice-president, who shall continue in office for the remainder of the year.

Provision in case of failure of election. **20.** If an election of directors is not made on the day appointed for that purpose, such election of directors may take place on any other day according to the by-laws made by the shareholders in that behalf; and the directors then in office shall remain in office until a new election is made.

Meetings of directors. **21.** At all meetings of the directors, the president, or in his absence the vice-president, or in the absence of both of them one of the directors present, chosen to act *pro tempore*, shall preside; and the president, vice-president or president *pro tempore* so presiding shall vote as a director, and if there is an equal division on any question shall also have a casting vote.

Casting vote of presiding director.

General powers of directors. **22.** The directors may make by-laws and regulations (not repugnant to the provisions of this Act or the laws of Canada) touching the management and disposition of the stock, property, affairs and concerns of the bank, and touching the duties and conduct of the officers, clerks and servants employed therein, and all such other matters as appertain to the business of a bank: Provided always, that all by-laws of the bank heretofore lawfully made and now in force, in regard to any matter respecting which the directors may make by-laws under this section (including any by-laws for establishing guarantee and pension funds for the employees of the bank), shall remain in force until they are repealed or altered by others made under this Act.

Provision as to by-laws in force.

Appointment of officers, etc. **23.** The directors may appoint as many officers, clerks and servants for carrying on the business of the bank, and with such salaries and allowances, as they consider necessary, and they may also appoint a director or directors for any branch of the bank:

Security to be given. **2.** Before permitting any cashier, officer, clerk or servant of the bank to enter upon the duties of his office, the directors shall require him to give bond, guarantee, or other security to the satisfaction of the directors, for the due and faithful performance of his duties.

Special general meetings. **24.** The directors of the bank, or any four of them,—or any number not less than twenty-five of the shareholders of the bank, who are together proprietors of at least one-tenth of the paid-up

capital stock of the bank, by themselves or by their proxies,—may, at any time, call a special general meeting of the shareholders, to be held at their usual place of meeting, upon giving six weeks' previous public notice, specifying in such notice the object of such meeting :

2. If the object of any such special general meeting is to consider Removal of the proposed removal of the president or vice-president, or of a director of the bank, for maladministration or other specified and apparently just cause, and if a majority of the votes of the shareholders at such meeting is given for such removal, a director to replace him shall be elected or appointed in the manner provided by the by-laws of the bank, or if there are no by-laws providing therefor, then by the shareholders at such meeting ; and if it is the president or vice-president who is removed, his office shall be filled by the directors in the manner provided in case of a vacancy occurring in the office of president or vice-president. president, director, etc. New election

25. Every shareholder shall, on all occasions on which the votes of the shareholders are taken, have one vote for each share held by him for at least thirty days before the time of meeting ; and in all cases when the votes of the shareholders are taken, the voting shall be by ballot : Shares. Ballot.

2. All questions proposed for the consideration of the shareholders shall be determined by the majority of the votes of the shareholders present in person or represented by proxy ; and the chairman elected to preside at any such meeting of the shareholders shall vote as a shareholder only, unless there is a tie,—in which case, except as to the election of a director, he shall have a casting vote ; Majority to determine. Casting vote

3. If two or more persons are joint holders of shares, any one of such joint holders may be empowered, by letter of attorney from the other joint holder or holders, or a majority of them, to represent the said shares, and vote accordingly ; As to joint holders of shares.

4. Shareholders may vote by proxy, but no person other than a shareholder eligible to vote shall be permitted to vote or act as such proxy ; and no manager, cashier, clerk or other subordinate officer of the bank shall vote either in person or by proxy, or hold a proxy for that purpose ; Proxies.

5. No appointment of a proxy to vote at any meeting of the shareholders of the bank shall be valid for that purpose, unless it Renewal of Proxies.

has been made or renewed in writing within the two years next preceding the time of such meeting ;

In certain cases calls must be paid before voting.

6. No shareholder shall vote, either in person or by proxy, on any question proposed for the consideration of the shareholders of the bank at any meeting of such shareholders, or in any case in which the votes of the shareholders of the bank are taken, unless he has paid all calls made by the directors which are then due and payable.

CAPITAL STOCK.

Increase of capital.

26. The capital stock of the bank may be increased from time to time, by such percentage or by such amount, as is determined upon by by-law passed by the shareholders, at the annual general meeting, or at any special general meeting called for the purpose :

Approval of Treasury Board.

Provided always, that no such by-law shall come into operation, or be of any force or effect, unless and until a certificate approving thereof has been issued by the Treasury Board ;

Conditions of application for approval.

2. No such certificate shall be issued by the Treasury Board, unless application therefor is made within three months from the time of the passing of such by-law, nor unless it appears to the satisfaction of the Treasury Board that a copy of such by-law, together with notice of intention to apply for such certificate, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office or place of business of the bank is situate ; nothing herein contained, however, shall be construed to prevent the Treasury Board from refusing to issue such certificate if it thinks best so to do.

How stock shall be allotted.

27. Any of the original unsubscribed capital stock, or of the increased stock of the bank, shall, when the directors so determine, be allotted to the then shareholders of the bank *pro rata*, and at such rate as is fixed by the directors, but no fraction of a share shall be so allotted ; provided that in no case shall a rate be fixed by the directors, which will make the premium (if any) paid or payable on such stock so allotted exceed the percentage which the reserve fund of the bank then bears to the paid-up capital stock thereof ; and any of such allotted stock which is not taken up by the shareholder to whom such allotment has been made, within six months from the time when notice of the allotment was mailed

to his address, or which he declines to accept, may be offered for subscription to the public, in such manner and on such terms as the directors prescribe.

28. The capital stock of the bank may be reduced by by-law ^{Capital stock may be reduced.} passed by the shareholders at the annual general meeting, or at a special general meeting called for the purpose; but no such by-law shall come into operation or be of force or effect until a certificate, approving thereof, has been issued by the Treasury Board;

2. No such certificate shall be issued by the Treasury Board ^{Certificate of Treasury Board.} unless application therefor is made within three months from the time of the passing of the by-law, nor unless it appears to the satisfaction of the Board that the shareholders voting for such by-law represent a majority in value of all the shares then issued by the bank, and that a copy of the by-law, together with notice of intention to apply to the Treasury Board for the issue of a certificate approving thereof, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office or place of business of the bank is situate; nothing herein contained, however, shall be construed to prevent the Treasury Board from refusing to issue such certificate if it thinks best so to do:

3. In addition to evidence of the passing of the by-law and the ^{Statements to be submitted.} publication thereof in the manner above provided, statements showing the amount of stock issued and the number of shareholders, with the amount of stock held by each, represented at such meeting, and the number of shareholders, with the amount of stock held by each, who voted for such by-law, and also full statements of the assets and liabilities of the bank, together with a statement of the reasons and causes why such reduction is sought, shall be laid before the Treasury Board at the time of the application for the issue of a certificate approving such by-law;

4. The passing of such by-law, and any reduction of the capital ^{Reduction not to affect liability of shareholders} stock of the bank thereunder, shall not, in any way, diminish or interfere with the liability of the shareholders of the bank to the creditors thereof at the time of the issue of the certificate approving such by-law:

- If legislation is asked to sanction reduction.** 5. If, in any case, legislation is sought to sanction any reduction of the capital stock of any bank, a copy of the by-law or resolution passed by the shareholders in regard thereto, together with statements similar to those above provided to be laid before the Treasury Board, shall 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 ;
- Limit to reduction.** 6. The capital shall not be reduced below the amount of two hundred and fifty thousand dollars of paid-up stock.

SHARES AND CALLS.

- Shares and transfer thereof.** 29. The shares of the capital stock of the bank shall be personal estate, and shall be assignable and transferable at the chief place of business of the bank, or at such of its branches, or at such place or places in the United Kingdom, or in any of the British colonies or possessions, and according to such form, and subject to such rules and regulations, as the directors prescribe : and books of subscription may be opened, and the dividends accruing on any shares of such stock may be made payable at any of the places aforesaid ; and the directors may appoint such agents in the United Kingdom or in any of the British colonies or possessions, for the purposes of this section, as they deem necessary.
- Books of subscription.**
- Payment of shares.** 30. The shares of the capital stock shall be paid in by such instalments and at such times and places as the directors appoint : Provided always, 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.
- Proviso: ten per cent. payable on subscription.**
- Calls on shares.** 31. The directors may make such calls of money from the several shareholders for the time being, upon the shares subscribed for by them respectively, as they find necessary ;
- Time of calls and notice.** 2. Such calls shall be made at intervals of not less than thirty days, and upon notice to be given at least thirty days prior to the day on which such call shall be payable ; and no such call shall exceed ten per cent. of each share subscribed.
- Limitation.**

32. The directors may, in case of the non-payment of any call ^{Recovery of} in the corporate name of the bank, sue for, recover, collect, and ^{calls.} get in all such calls, or may cause and declare such shares to be forfeited to the bank.

33. If any shareholder refuses or neglects to pay any instalment ^{Forfeiture of} upon his shares of the capital stock at the time appointed therefor, ^{shares for} such shareholder shall incur a penalty to the use of the bank of a ^{non-payment} sum of money equal to ten per cent. on the amount of such shares; ^{of calls.} and if the directors declare any shares to be forfeited to the bank, they shall, within six months thereafter, without any previous formality other than thirty days' public notice of their intention ^{Sale in such} so to do, sell at public auction the said shares, or so many of the ^{case.} said shares as shall, after deducting the reasonable expenses of the sale, yield a sum of money sufficient to pay the unpaid instalments due on the remainder of the said shares and the amount of penalties incurred upon the whole; and the president or vice-pres- ^{And transfer.} ident, manager or cashier of the bank shall execute the transfer to the purchaser of the shares so sold; and such transfer shall be as valid and effectual in law as if it had been executed by the original holder of the shares thereby transferred; but the directors, or the ^{Proviso.} shareholders at a general meeting, may, notwithstanding anything in this section contained, remit either in whole or in part, and conditionally or unconditionally, any forfeiture or penalty incurred by the non-payment of instalments as aforesaid, or the bank may enforce the payment of any call or calls by suit, instead of declaring the shares forfeited.

34. In any action brought to recover any money due on any ^{Recovery by} such call, it shall not be necessary to set forth the special matter in ^{suit.} the declaration or statement of claim, but it shall be sufficient to ^{What only} allege that the defendant is holder of one share or more, as the ^{need be} case may be, in the capital stock of the bank, and is indebted to ^{proved.} the bank for a call or calls upon such share or shares, in the sum to which the call or calls amount, as the case may be, stating the amount and number of such calls, whereby an action has accrued to the bank to recover the same from such defendant by virtue of this Act; and it shall not be necessary to prove the appointment of the directors.

TRANSFER AND TRANSMISSION OF SHARES.

35. No assignment or transfer of the shares of the capital stock ^{Conditions}

of transfer of shares. of the bank shall be valid, unless it is made and registered and accepted by the person to whom the transfer is made, in a book or books kept for that purpose, nor unless the person making the same has, if required by the bank, previously discharged all his debts or liabilities to the bank which exceed in amount the remaining stock, if any, belonging to such person, valued at the current rate; and no fractional part of a share, or less than a whole share, shall be assignable or transferable.

Fraction of share not transferable.

List of transfers to be kept.

36. A list of all transfers of shares registered each day in the books of the bank, showing the parties to such transfers and the number of shares transferred in each case, shall be made up at the end of each day and kept at the chief place of business of the bank for the inspection of its shareholders.

Transferrer of shares must be registered owner.

37. All sales of transfers of shares, and all contracts and agreements in respect thereof, hereafter made, or purporting to be made, shall be null and void (saving, however, as to a purchaser not having knowledge of the defect, his rights and remedies under the contract of sale), unless the person making such sale or transfer, or in whose name or on whose behalf the same is made, is 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, or has the registered owner's assent to the sale, 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 violates 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 which the principal is not, at the time of such sale or attempted sale, the registered owner, or acting with the registered owner's assent to the sale, shall be guilty of an offence against this Act.

Sale of shares under execution.

38. When any share of the capital stock has been sold under a writ of execution, the officer by whom the writ was executed shall, within thirty days after the sale, leave with the bank an attested copy of the writ, with the certificate of such officer indorsed thereon, certifying to whom the sale has been made; and thereupon (but not until after all debts and liabilities of the holder of the share to the bank, and all liens existing in favor of

the bank thereon, have been discharged, as herein provided), the president, vice-president, manager or cashier of the bank shall execute the transfer of the share so sold to the purchaser; and such transfer shall be, to all intents and purposes, as valid and effectual in law as if it had been executed by the holder of the said share.

39. If the interest in any share in the capital stock becomes transmitted in consequence of the death, bankruptcy, or insolvency of any shareholder, or in consequence of the marriage of a female shareholder, or by any other lawful means than by a transfer, according to the provisions of this Act, such transmission shall be authenticated by a declaration in writing, as hereinafter mentioned, or in such other manner as the directors of the bank require; and every such declaration shall distinctly state the manner in which and the person to whom such shares have been transmitted, and shall be made and signed by such person; and the person making and signing such declaration shall acknowledge the same before a judge of a court of record, or before the mayor, provost or chief magistrate of a city, town, borough or other place, or before a notary public, where the same is made and signed; and every declaration so signed and acknowledged shall be left with the cashier, manager or other officer or agent of the bank, who shall thereupon enter the name of the person entitled under such transmission in the register of shareholders; and until such transmission has been so authenticated, no person claiming by virtue of any such transmission shall be entitled to participate in the profits of the bank, or to vote in respect of any such share of the capital stock: Provided always, that every such declaration and instrument as by this and the next following section of this Act are required to perfect the transmission of a share in the bank which is made in any country other than Canada, or any other British colony, or the United Kingdom, shall be further authenticated by the clerk of a court of record, and under the seal of such court, or by the British consul or vice-consul, or other accredited representative of the British Government in the country where the declaration is made, or shall be made directly before such British consul or vice-consul or other accredited representative; and provided also, that the directors, cashier or other officer or agent of the bank may require corroborative evidence of any fact alleged in any such declaration.

Transmission of shares otherwise than by transfer, how authenticated.

Proviso: as to declaration made out of Canada, etc.

Proviso: further evidence may be required.

Transmission by marriage of female shareholder. **40.** If the transmission of any share of the capital stock has taken place by virtue of the marriage of a female shareholder, the declaration shall be accompanied by a copy of the register of such marriage, or other particulars of the celebration thereof, and shall declare the identity of the wife with the holder of such share, and shall be made and signed by such female shareholder and her husband ; and they may include therein a declaration to the effect that the share transmitted is the separate property and under the sole control of the wife, and that she may receive and grant receipts for the dividends and profits accruing in respect thereof, and dispose of and transfer the share itself, without requiring the consent or authority of her husband ; and such declaration shall be binding upon the bank and persons making the same, until the said persons see fit to revoke it by a written notice to that effect to the bank ; but the omission of a statement in any such declaration, that the wife making the same is duly authorized by her husband to make the same, shall not invalidate the declaration.

Transmission by decease. **41.** If the transmission has taken place by virtue of any testamentary instrument, or by intestacy, the probate of the will, or the letters of administration, or act of curatorship or tutorship, or an official extract therefrom, shall, together with such declaration, be produced and left with the cashier or other officer or agent of the bank, who shall, thereupon, enter in the register of shareholders the name of the person entitled under such transmission.

Further provision in such case. **42.** If the transmission of any share of the capital stock has taken place by virtue of the decease of any shareholder, the production to the directors and the deposit with them of an authentic notarial copy of the will of the deceased shareholder, if such will is in notarial form according to the law of the Province of Quebec, or of any authenticated copy of the probate of the will of the deceased shareholder, or of letters of administration of his estate, or of letters of verification of heirship, or of the act of curatorship or tutorship, granted by any court in Canada having power to grant the same, or by any court or authority in England, Wales, Ireland, or any British colony, or of any testamentary or testament dative expedite in Scotland, or, if the deceased shareholder died out of Her Majesty's dominions, the production to and deposit with the directors of any

authenticated copy of the probate of his will or letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters, shall be sufficient justification and authority to the directors for paying any dividend, or for transferring or authorizing the transfer of any share, in pursuance of and in conformity to such probate, letters of administration, or other such document as aforesaid.

43. The bank shall not be bound to see to the execution of any trust, whether express, implied or constructive, to which any share of its stock is subject; and the receipt of the person in whose name any such share stands in the books of the bank, or, if it stands in the name of more persons than one, the receipt of one of such persons shall be a sufficient discharge to the bank for any dividend or any other sum of money payable in respect of such share, unless express notice to the contrary has been given to the bank; and the bank shall not be bound to see to the application of the money paid upon such receipt, whether given by one of such persons or all of them. Bank not bound to see to trusts.

44. No person holding stock in the bank as executor, administrator, guardian or trustee, of or for any person named in the books of the bank as being so represented by him, shall be personally subject to any liability as a shareholder, but the estate and funds in his hands shall be liable in like manner and to the same extent as the testator, intestate, ward or person interested in such trust fund would be, if living and competent to hold the stock in his own name; and if the trust is for a living person, such person shall also himself be liable as a shareholder; but if such testator, intestate, ward or person so represented is not so named in the books of the bank, the executor, administrator, guardian or trustee shall be personally liable in respect of such stock as if he held it in his own name as owner thereof. Executors and trustees not personally liable.

ANNUAL STATEMENT AND INSPECTION.

45. At every annual meeting of the shareholders for the election of directors, the out-going directors shall submit a clear and full statement of the affairs of the bank, containing on the one part:— Statement to be laid before annual meeting.

- Liabilities.** The amount of the capital stock paid in, the amount of notes of the bank in circulation, the net profits made, the balances due to other banks, and the cash deposited in the bank, distinguishing deposits bearing interest from those not bearing interest ; and on the other part :—
- Assets.** The amount of the current coin, the gold and silver bullion, and the Dominion notes held by the bank, the balances due to the bank from other banks, the value of the real and other property of the bank, and the amount of debts owing to the bank, including and particularizing the amounts so owing upon bills of exchange, discounted notes, mortgages and other securities.
- What statement shall show.** Exhibiting, on the one hand, the liabilities of, or the debts due by the bank, and on the other hand the assets and resources thereof; and the said statement shall also exhibit the rate and amount of the last dividend declared by the directors, the amount of reserved profits at the date of such statement, and the amount of debts due to the bank, over-due and not paid, with an estimate of the loss which will probably accrue thereon.
- Inspection of books, etc.** **46.** The books, correspondence and funds of the bank shall, at all times, be subject to the inspection of the directors ; but no person, who is not a director, shall be allowed to inspect the account of any person dealing with the bank.

DIVIDENDS.

- Dividends.** **47.** The directors of the bank shall, subject to the provisions of this Act, declare quarterly or half-yearly dividends of so much of the profits of the bank as to the majority of them seems advisable ; and they shall give at least thirty days' public notice of the payment of such dividends previously to the date fixed for such payment ; and they may close the transfer books during a certain time, not exceeding fifteen days before the payment of each dividend
- Dividends not to impair capital.** **48.** No dividend or bonus shall ever be declared so as to impair the paid-up capital ; and if any dividend or bonus is so declared or made payable, the directors who knowingly and wilfully concur therein shall be jointly and severally liable for the amount thereof as a debt due by them to the bank ; and if any part of the paid-up capital is lost, the directors shall, if all the subscribed stock is not paid-up, forthwith make calls upon the shareholders to an amount equivalent to such loss ; and such loss and the calls, if any, shall
- Capital lost to be made up.**

be mentioned in the next return made by the bank to the Minister of Finance and Receiver-General: Provided that, in any case in which the capital has been impaired as aforesaid, all net profits shall be applied to make good such loss. Proviso.

49. No division of profits, either by way of dividends or bonus, or both combined, or in any other way, exceeding the rate of eight per cent. per annum, shall be made by the bank, unless, after making the same, it has a rest or reserve fund equal to at least thirty per cent. of its paid-up capital; and all bad and doubtful debts shall be deducted before the amount of such rest is calculated. Dividend limited, unless there is a certain reserve.

RESERVES.

50. The bank shall hold not less than forty per cent. of its cash reserves in Dominion notes; and every bank holding at any time a less amount of its cash reserves in Dominion notes than is prescribed by this section shall incur a penalty of five hundred dollars for each and every violation of the provisions of this section; Part of reserve to be in Dominion notes. Penalty for non-compliance.

2. The Minister of Finance and Receiver-General shall make such arrangements as are necessary for insuring the delivery of Dominion notes to any bank, in exchange for an equivalent amount of specie, at the several offices at which Dominion notes are redeemable, in the cities of Toronto, Montreal, Halifax, St. John, N.B., Winnipeg, Charlottetown and Victoria, respectively; and such notes shall be redeemable at the office for redemption of Dominion notes in the place where such specie is given in exchange. Supply of Dominion notes.

NOTE ISSUE.

51. The bank may issue and re-issue notes payable to bearer on demand, and intended for circulation; but no such note shall be for a sum less than five dollars, or for any sum which is not a multiple of five dollars, and the total amount of such notes in circulation at any time shall not exceed the amount of the unimpaired paid-up capital of the bank; Amount and denomination of bank notes.

2. Notwithstanding anything contained in the next preceding subsection, the total amount of such notes in circulation at any time of La Banque du Peuple and the Bank of British North Note issue of Banque du Peuple and Bank of Bri-

tish North
America.

America respectively shall not exceed seventy-five per cent. of the unimpaired paid-up capital of such banks respectively, but each of such banks may issue such notes in excess of the said seventy-five per cent. upon depositing, with respect to such excess, with the Minister of Finance and Receiver-General, in cash or bonds of the Dominion of Canada, an amount equal to the excess: Provided always that in no case shall the total amount of the notes of either of the said banks in circulation at any time exceed the unimpaired paid-up capital of such bank: and the cash or bonds so deposited shall be available by the Minister of Finance and Receiver-General for the redemption of notes issued in excess as aforesaid, in the event of the suspension of the said banks respectively;

Penalties for
excess of
circulation.

3. If the total amount of the notes of the bank in circulation at any time exceeds the amount authorized by this section, the bank shall incur penalties as follows: If the amount of such excess is not over one thousand dollars, a penalty equal to the amount of such excess; if the amount of such excess is over one thousand dollars and is not over twenty thousand dollars, a penalty of one thousand dollars; if the amount of such excess is over twenty thousand dollars and is not over one hundred thousand dollars, a penalty of ten thousand dollars; if the amount of such excess is over one hundred thousand dollars and is not over two hundred thousand dollars, a penalty of fifty thousand dollars; and if the amount of such excess is over two hundred thousand dollars, a penalty of one hundred thousand dollars;

Notes under
\$5 to be call-
ed in.

4. All notes heretofore issued or re-issued by the bank, and now in circulation, which are for a sum less than five dollars, or for a sum which is not a multiple of five dollars, shall be called in and cancelled as soon as practicable.

Pledging of
notes pro-
hibited.

52. The bank shall not pledge, assign, or hypothecate its notes; and no advance or loan made on the security of the notes of a bank shall be recoverable from the bank or its assets;

Penalty for
pledging.

2. Every person who, being the president, vice-president, director, principal partner *en commandite*, general manager, manager, cashier, or other officer of the bank, pledges, assigns, or hypothecates, or authorizes, or is concerned in the pledge, assignment or hypothecation of the notes of the bank, and every person who accepts, receives or takes, or authorizes or is concerned in the acceptance or receipt or taking of such notes as a pledge, assign-

ment or hypothecation, shall be liable to a fine of not less than four hundred dollars and not more than two thousand dollars, or to imprisonment for not more than two years, or to both ;

3. Every person who, being the president, vice-president, director, principal partner *en commandite*, general manager, manager, cashier, or other officer of a bank, with intent to defraud, issues or delivers, or authorizes or is concerned in the issue or delivery of notes of the bank intended for circulation and not then in circulation,—and every person who, with knowledge of such intent, accepts, receives or takes, or authorizes or is concerned in the acceptance, receipt or taking of such notes,—shall be guilty of a misdemeanor, and liable to imprisonment for a term not exceeding seven years, or to a fine not exceeding two thousand dollars, or to both.

Penalty for improper issue or taking of notes.

53. The payments of the notes issued or re-issued by the bank, and intended for circulation, and then in circulation, together with any interest paid or payable thereon as hereinafter provided, shall be the first charge upon the assets of the bank in case of its insolvency ; and the payment of any amount due to the Government of Canada, in trust or otherwise, shall be the second charge upon such assets ; and the payment of any amount due to the government of any of the Provinces, in trust or otherwise, shall be the third charge upon such assets ;

Notes to be first charge on assets.

2. The amount of any penalties for which the bank is liable shall not form a charge upon the assets of such bank, in case of its insolvency, until all other liabilities are paid.

Liability for penalties in case of insolvency.

54. Every bank to which this Act applies, and which is carrying on its business at the time when this Act comes into force, shall, within fifteen days thereafter, pay to the Minister of Finance and Receiver-General, a sum of money equal to two and one-half per cent. of the average amount of its notes in circulation during the twelve months next preceding the date of the coming into force of this Act ; or if such bank has not been in operation for twelve months, a sum of money equal to two and one-half per cent. of the average amount of its notes in circulation during the time it has been in operation ; and each bank shall, within fifteen days from and after the first day of July, in the year one thousand eight hundred and ninety-two, pay to the Minister of Finance and Receiver-General such further sum of money as is necessary to

Existing banks to make deposit with Minister of Finance equal to five per cent. of note circulation.

make the total amount so paid by each bank to be a sum equal to five per cent. of the average amount of its notes in circulation during the twelve months next preceding the date last mentioned,—which sum shall be adjusted annually, as hereinafter provided :

As to Merchants' Bank of P. E. I.

2. The Merchants' Bank of Prince Edward Island shall, on or before the day upon which it becomes subject to the provisions of this Act, pay to the Minister of Finance and Receiver-General such sum as appears to the satisfaction of the Treasury Board to be equal to two and one-half per cent. of the average amount of its notes in circulation during the then preceding twelve months, and shall further pay to the Minister of Finance and Receiver-General, within fifteen days from and after the first day of July in the year then next following, such further sum as is necessary to make the total sum paid by the said bank to be a sum equal to five per cent. of the average amount of its notes in circulation, from the time the said bank became subject to the provisions of this Act to the said first day of July —which sum shall be adjusted annually as hereinafter provided :

As to new banks.

3. The Minister of Finance and Receiver-General shall, upon the issue of a certificate under this Act, authorizing a bank to issue notes and commence the business of banking, retain out of any moneys of such bank then in his possession the sum of five thousand dollars,—which sum shall be held for the purposes of this section, until the annual adjustment hereunder takes place in the year then next following, at which time the amount at the credit of the bank shall be adjusted by payment to or by the bank of such sum as is necessary to make the amount at the credit of the bank to be a sum of money equal to five per cent. of the average amount of its notes in circulation, from the time it commenced business to the time of such adjustment,—which sum shall be adjusted annually, as hereinafter provided ;

Formation of circulation redemption fund.

4. The amounts so paid, retained, and kept on deposit as aforesaid shall form a fund to be known as " The Bank Circulation Redemption Fund,"—which fund shall be held for the following purpose, and for no other, namely : In the event of the suspension by the bank of payment in specie or Dominion notes of any of its liabilities as they accrue, for the payment of the notes then issued or re-issued by such bank and intended for circulation, and then in circulation, and interest thereon ; and the Minister of Finance and Receiver General shall, with respect to all notes paid

out of the said fund, have the same rights as any other holder of the notes of the bank ;

5. The fund shall bear interest at the rate of three per cent. per annum, and it shall be adjusted, as soon as possible after the thirtieth day of June each year, in such a way as to make the amount at the credit of each bank contributing thereto, unless herein otherwise specially provided, equal to five per cent. of the average note circulation of such bank during the then next preceding twelve months ;

Fund to bear interest.

6. The average note circulation of a bank during any period shall be determined from the average of the amount of its notes in circulation, as shown by the monthly returns for such period made by the bank to the Minister of Finance and Receiver-General ; and where, in any return, the greatest amount of notes in circulation at any time during the month is given, such amount shall, for the purposes of this section, be taken to be the amount of the notes of the bank in circulation during the month to which such return relates ;

Note circulation, how determined.

7. In the event of the suspension by the bank of payment in specie or Dominion notes of any of its liabilities as they accrue, the notes of such bank, issued or re-issued and intended for circulation, and then in circulation, shall bear interest at the rate of six per cent. per annum, from the day of such suspension to such day as is named by the directors, or by the liquidator, receiver, assignee or other proper official, for the payment thereof,—of which day notice shall be given by advertisement for at least three days in a newspaper published in the place in which the head office of the bank is situate : but in case any notes presented for payment on or after any day named for payment thereof are not paid, all notes then unpaid and in circulation shall continue to bear interest to such further day as is named for payment thereof,—of which day notice shall be given in manner above provided : Provided always, that in case of failure on the part of the directors of the bank, or of the liquidator, receiver, assignee or other proper official, to make arrangements within two months from the day of suspension of payment by the bank as aforesaid for the payment of all of its notes and interest thereon, the Minister of Finance and Receiver-General may thereupon make arrangements for the payment of the notes remaining unpaid, and all interest thereon, out of the said fund, and shall give such notice of such payment as he

Notes of bank suspending payment to bear interest until redeemed.

If not redeemed to be paid out of fund.

thinks expedient, and on the day named by him for such payment all interest on such notes shall cease, anything herein contained to the contrary notwithstanding; but nothing herein contained shall be construed to impose any liability on the Government of Canada or on the Minister of Finance and Receiver-General beyond the amount available from time to time out of the said fund;

Payments from fund to be without regard to amount contributed. 8. All payments made from the said fund shall be without regard to the amount contributed thereto by the bank, in respect of whose notes the payments are made; and in case the payments from the fund exceed the amount contributed by such bank to the fund, and all interest due or accruing due to such bank thereon, the other banks shall, on demand, make good to the fund the amount of such excess, *pro rata* to the amount which each bank has at that time contributed to the fund; and all amounts recovered and received by the Minister of Finance and Receiver-General from the bank on whose account such payments were made shall, after the amount of such excess has been made good as aforesaid, be distributed among the banks contributing to make good such excess *pro rata* to the amount contributed by each:

Proviso. Provided always, that each of such other banks shall only be called upon to make good to the said fund its share of such excess, in payments not exceeding in any one year one per cent. of the average amount of its notes in circulation—such circulation to be ascertained in such manner as the Minister of Finance and Receiver-General decides: and his decision shall be final:

Repayment of amount if bank is wound up. 9. In the event of the winding up of the business of a bank by reason of insolvency or otherwise, the Treasury Board may, on the application of the directors, or of the liquidator, receiver, assignee or other proper official, and on being satisfied that proper arrangements have been made for the payment of the notes of the bank and any interest thereon, pay over to such directors, liquidator, receiver, assignee, or other proper official, the amount at the credit of the bank, or such portion thereof as it thinks expedient:

Treasury Board may regulate management of fund. 10. The Treasury Board may make all such rules and regulations as it thinks expedient with reference to the payment of any moneys out of the said fund, and the manner, place and time of such payments, the collection of all amounts due to the said fund, all accounts to be kept in connection therewith, and generally the management of the said fund and all matters relating thereto:

Enforce- 11. The Minister of Finance and Receiver-General may, in his

official name, by action in the Exchequer Court of Canada, enforcement of payment (with costs of action) of any sum due and payable by payment any bank under the provisions of this section.

55. The bank shall make such arrangements as are necessary to ensure the circulation at par in any and every part of Canada of all notes issued or re-issued by it, and intended for circulation ; and towards this purpose the bank shall establish agencies for 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 are from time to time designated by the Treasury Board.

Notes of Bank to be payable at par throughout Canada.

56. The bank shall always receive in payment its own notes at par at any of its offices, and whether they are made payable there or not :

Redemption of notes.

2. The chief place of business of the bank shall always be one of the places at which its notes are made payable.

Payable at chief place of business.

57. The bank, when making any payment, shall, on the request of the person to whom the payment is to be made, pay the same, or such part thereof, not exceeding one hundred dollars, as such person requests, in Dominion notes for one, two, or four dollars each, at the option of such person : Provided always, that no payment, whether in Dominion notes or bank notes, shall be made in bills that are torn or partially defaced by excessive handling.

Payments in Dominion notes.
Torn or defaced notes.

58. The bonds, obligations and bills, obligatory or of credit, of the bank under its corporate seal, and signed by the president or vice-president, and countersigned by a cashier or assistant cashier, which are made payable to any person, shall be assignable by indorsement thereon : and bills or notes of the bank signed by the president, vice-president, cashier or other officer appointed by the directors of the bank to sign the same, promising the payment of money to any person or to his order, or to the bearer, though not under the corporate seal of the bank, shall be binding and obligatory on it in like manner and with the like force and effect as they would be upon any private person. if issued by him in his private or natural capacity, and shall be assignable in like manner as if they were so issued by a private person in his natural capa-

Bonds, notes, etc., how and by whom to be signed.

Proviso :
power may
be deputed to
officer.

city : Provided always, that the directors of the bank may, from time to time, authorize, or depute any cashier, assistant cashier or officer of the bank, or any director other than the president or vice-president, or any cashier, manager or local director of any branch or office of discount and deposit of the bank, to sign the notes of the bank intended for circulation.

Notes may
be signed by
machinery.

59. All bank notes and bills of the bank, whereon the name of any person intrusted or authorized to sign such notes or bills on behalf of the bank is impressed by machinery provided for that purpose, by or with the authority of the bank, shall be good and valid to all intents and purposes as if such notes and bills had been subscribed in the proper handwriting of the person intrusted or authorized by the bank to sign the same respectively, and shall be bank notes and bills within the meaning of all laws and statutes whatever, and may be described as bank notes or bills in all indictments and civil or criminal proceedings whatsoever :

One signa-
ture must be
written.

Provided always, that at least one signature to each note or bill must be in the actual handwriting of a person authorized to sign such note or bill.

Penalty for
unauthorized
issue of notes
for circula-
tion.

60. Every person, except a bank to which this Act applies, who issues or re-issues, makes, draws or indorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of four hundred dollars, which shall be recoverable with costs, in any court of competent jurisdiction, by any person who sues for the same : and a moiety of such penalty shall belong to the person suing for the same, and the other moiety to Her Majesty for the public uses of Canada ;

What shall
be deemed
such notes.

2. The intention to pass any such instrument as money shall be presumed, if it is made for the payment of a less sum than twenty dollars, and is payable either in form or in fact to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money ; unless such instrument is a cheque on some chartered bank paid by the maker directly to his immediate creditor, or a promissory note, bill of exchange, bond or other undertaking for the payment of money, paid or delivered by the maker thereof to his immediate creditor, and is not designed to circulate as money or as a substitute for money.

61. Every person who in any way defaces any Dominion or Provincial note, or bank note, whether by writing, printing, drawing, or stamping thereon, or by attaching or affixing thereto anything in the nature or form of an advertisement, shall be liable to a penalty not exceeding twenty dollars. Defacement of notes.
Penalty.

62. Every officer charged with the receipt or disbursement of public moneys, and every officer of any bank, and every person acting as or employed by any banker, shall stamp or write in plain letters the word "counterfeit," "altered," or "worthless," upon every counterfeit or fraudulent note, issued in the form of a Dominion or bank note, and intended to circulate as money, which is presented to him at his place of business; and if such officer or person wrongfully stamps any genuine note, he shall, upon presentation, redeem it at the face value thereof. Counterfeit and fraudulent notes to be stamped as such.

63. Every person who designs, engraves, prints or in any manner executes, utters, issues, distributes, circulates or uses any business or professional card, notice, placard, circular, hand-bill, or advertisement in the likeness or similitude of any Dominion or bank note, or any obligation or security of any Government, or of any bank, is liable to a penalty of one hundred dollars, or to three months imprisonment, or to both. No advertisement, etc., to be issued in the form of a note.

BUSINESS AND POWERS OF THE BANK.

64. The bank may open branches, agencies and offices, and may engage in and carry on business as a dealer in gold and silver coin and bullion, and it may deal in, discount, and lend money and make advances upon the security of, and may take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable securities, or the stock, bonds, debentures and obligations of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, Provincial, British, foreign and other public securities, and it may engage in and carry on such business generally as appertains to the business of banking; but except as authorized by this Act, it shall not, either directly or indirectly, deal in the buying, or selling, or bartering of goods, wares and merchandise, or engage or be engaged in any trade or business whatsoever; and it shall not, either directly or indirectly, purchase, or deal in, or lend money, or make advances Branches and agencies.
General powers of bank.
Certain business may not be transacted by the bank.

upon the security or pledge of any share of its own capital stock, or of the capital stock of any bank ; and it shall not, either directly or indirectly, lend money or make advances upon the security, mortgage, or hypothecation of any land, tenements, or immovable property, or of any ships or other vessels, or upon the security of any goods, wares and merchandise.

Bank to have
lien on debt-
or's shares.

65. The bank shall have a privileged lien, for any debt or liability for any debt to the bank, on the shares of its own capital stock and on any unpaid dividends of the debtor or person liable, and may decline to allow any transfer of the shares of such debtor

Sale of such
shares.

or person until such debt is paid ; and the bank shall, within twelve months after such debt has accrued and become payable, sell such shares, and notice shall be given to the holder thereof of the intention of the bank to sell the same, by mailing such notice in the post office to the last known address of such holder, at least

Notice.

Transfer in
case of sale.

thirty days prior to such sale ; and upon such sale being made, the president, vice-president, manager or cashier shall execute a transfer book of the bank, which transfer shall vest in such purchaser all the rights in or to such shares which were possessed by the holder thereof, with the same obligation of warranty on his part as if he were the vendor thereof, but without any warranty from the bank or by the officer of the bank executing such transfer.

Collateral
securities
may be simi-
larly dealt
with.

66. The stock, bonds, debentures or securities, acquired and held by the bank as collateral security, may, in case of default to pay the debt, for securing which they were so acquired and held, be dealt with, sold and conveyed either in like manner and subject to the same restrictions as are herein provided in respect of the stock of the bank on which it has acquired a lien under this Act, or in like manner as and subject to the restrictions under which a private individual might in like circumstances deal with, sell and convey the same, but without obligation to sell the same within twelve months ;

Right to do
so may be
waived.

2. The right so to deal with and dispose of such stock, bonds, debentures or securities in manner aforesaid may be waived or varied by any agreement between the bank and the owner of such stock, bonds, debentures or securities, made at the time at which such debt was incurred, or if the time of payment of such debt

has been extended, then by an agreement made at the time of such extension.

67. The bank may acquire and hold real and immovable property for its actual use and occupation and the management of its business, and may sell or dispose of the same, and acquire other property in its stead for the same purpose. Real estate for occupation.

68. The bank may take, hold and dispose of mortgages and *hypothèques* upon real or personal, immovable or movable property, by way of additional security for debts contracted to the bank in the course of its business; and the rights, powers and privileges which the bank is by this Act declared to have or to have had in respect of real or immovable property mortgaged to it, shall be held and possessed by it in respect of any personal or movable property which is mortgaged or hypothecated to it. Mortgages as additional security.

69. The bank may purchase any lands or real or immovable property offered for sale under execution, or in insolvency, or under the order or decree of a court, as belonging to any debtor to the bank, or offered for sale by a mortgagee or other encumbrancer having priority over a mortgage or other encumbrance held by the bank or offered for sale by the bank, under a power of sale given to it for that purpose, in cases in which, under similar circumstances, an individual could so purchase, without any restriction as to the value of the property which it may so purchase, and may acquire a title thereto as any individual purchasing at sheriff's sale, or under a power of sale, in like circumstances, could do, and may take, have, hold and dispose of the same at pleasure. Purchase of land under execution, etc.

70. The bank may acquire and hold an absolute title in or to real or immovable property mortgaged to it as security for a debt due or owing to it, either by obtaining a release of the equity of redemption in the mortgaged property, or by procuring a foreclosure, or by other means whereby, as between individuals, an equity of redemption can, by law, be barred, and may purchase and acquire any prior mortgage or charge on such property: Provided always, that no bank shall hold any real or immovable property howsoever acquired, except such as is acquired for its own use, for any period exceeding seven years from the date of the acquisition thereof. Absolute title may be acquired. Proviso: sale of property so acquired.

Title to lands so acquired power of sale, etc. **71.** Nothing in any charter, Act or law shall be construed as ever having prevented or as preventing the bank from acquiring and holding an absolute title to and in any such mortgaged real or immovable property, whatever the value thereof is, or from exercising or acting upon any power of sale contained in any mortgage given to it or held by it, authorizing or enabling it to sell or convey away any property so mortgaged.

As to advances for building ships. **72.** Every bank advancing money in aid of the building of any ship or vessel shall have the same right of acquiring and holding security upon such ship or vessel, while building and when completed, either by way of mortgage, *hypothèque*, hypothecation, privilege, or lien thereon, or purchase or transfer thereof, as individuals have in the Province wherein such ship or vessel is being built, and for that purpose may avail itself of all such rights and means of obtaining and enforcing such security, and shall be subject to all such obligations, limitations and conditions as are, by the law of such Province, conferred or imposed upon individuals making such advances.

Warehouse receipts may be taken as collateral security. **73.** The bank may acquire and hold any warehouse receipt or bill of lading as collateral security for the payment of any debt incurred in its favor in the course of its banking business; and the warehouse receipt or bill of lading so acquired shall vest in the bank, from the date of the acquisition thereof, all the right and title of the previous holder or owner thereof, or of the person from whom such goods, wares and merchandise were received or acquired by the bank, if the warehouse receipt or bill of lading is made directly in favor of the bank, instead of to the previous holder or owner of such goods, wares and merchandise;

When previous holder is an agent. **2.** If the previous holder of such warehouse receipt or bill of lading is the agent of the owner of the goods, wares and merchandise mentioned therein, the bank shall be vested with all the right and title of the owner thereof, subject to his right to have the same re-transferred to him, if the debt, as security for which they are held by the bank, is paid;

Interpretation of "Agent." **3.** In this section the expression "agent" means any person intrusted with the possession of goods, wares, merchandise, or to whom the same are consigned, or who is possessed of any bill of lading, receipt, order or other document used in the course of business as proof of the possession or control of goods, wares and mer-

chandise, or authorizing or purporting to authorize, either by indorsement or by delivery, the possessor of such document to transfer or receive the goods, wares and merchandise thereby represented; and such person shall be deemed the possessor of such goods, wares and merchandise, bill of lading, receipt, order or other document, as aforesaid, as well if the same are held by any person for him or subject to his control as if he is in actual possession thereof.

74. The bank may lend money to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise, upon security of the goods, wares and merchandise manufactured by him or procured for such manufacture; Loans to wholesale manufacturers in a n u f a c -

2. The bank may also lend money to any wholesale purchaser or shipper of products of agriculture, the forest and mine, or the sea, lakes and rivers, or to any wholesale purchaser or shipper of live stock or dead stock, and the products thereof, upon the security of such products, or of such live stock or dead stock, and the products thereof; Loans to certain wholesale purchasers or shippers pers.

3. Such security may be given by the owner, and may be taken in the form set forth in Schedule C to this Act, or to the like effect; and by virtue of such security, the bank shall acquire the same rights and powers in respect to the goods, wares and merchandise, stock or products covered thereby, as if it had acquired the same by virtue of a warehouse receipt. Form of security.

75. The bank shall not acquire or hold any warehouse receipt or bill of lading or security under the next preceding section, to secure the payment of any bill, note or debt, unless such bill, note or debt is negotiated or contracted at the time of the acquisition thereof by the bank, or upon the written promise or agreement that such warehouse receipt or bill of lading or security would be given to the bank; but such bill, note or debt may be renewed, or the time for the payment thereof extended, without affecting any such security; When such security may be acquired.

2. The bank may, on shipment of any goods, wares and merchandise for which it holds a warehouse receipt, or security as aforesaid, surrender such receipt or security, and receive a bill of lading in exchange therefor, or, on the receipt of any goods, wares and merchandise for which it holds a bill of lading or security, as aforesaid, it may surrender such bill of lading or security, store Exchange of warehouse receipt for bill of lading, and vice-versa.

such goods, wares and merchandise, and take a warehouse receipt therefor, or may ship them, or part of them, and take another bill of lading therefor ;

Penalty for making false statement.

3. Every one is guilty of a misdemeanor, and liable to imprisonment for a term not exceeding two years, who wilfully makes any false statement in any warehouse receipt, bill of lading or security as aforesaid ;

Penalty for alienating goods so secured.

4. Every one is guilty of a misdemeanor, and liable to imprisonment for a term not exceeding two years, who, having possession or control of any goods, wares and merchandise covered by any warehouse receipt, bill of lading or security as aforesaid, and having knowledge of such receipt, bill of lading or security, and without consent of the bank, in writing, and before the advance, bill, note or debt thereby secured has been fully paid, wilfully alienates or parts with any such goods, wares or merchandise, or wilfully withholds from the bank possession thereof upon demand after default in payment of such advance, bill, note or debt.

As to goods manufactured from articles pledged.

76. If goods, wares and merchandise are manufactured or produced from the goods, wares and merchandise, or any of them, included in or covered by any warehouse receipt, or security given under section seventy-four of this Act, while so covered, the bank holding such warehouse receipt or security shall hold or continue to hold such goods, wares and merchandise, during the process and after the completion of such manufacture or production, with the same right and title and for the same purposes and upon the same conditions as it held or could have held the original goods, wares and merchandise.

Prior claim of the bank over unpaid vendor.

77. All advances made on the security of any bill of lading or warehouse receipt, or security given under section seventy-four of this Act, shall give to the bank making such advances a claim for the repayment of such advances on the goods, wares and merchandise therein mentioned, or into which they have been converted, prior to and by preference over the claim of any unpaid vendor ; but such preference shall not be given over the claim of any unpaid vendor who had a lien upon such goods, wares and merchandise at the time of the acquisition by the bank of such warehouse receipt, bill of lading, or security, unless the same was acquired without knowledge on the part of the bank of such lien.

78. In the event of the non-payment at maturity of any debt secured by a warehouse receipt or bill of lading, or security given under section seventy-four of this Act, the bank may sell the goods, wares and merchandise mentioned therein, or so much thereof as will suffice to pay such debt with interest and expenses, returning the overplus, if any, to the person from whom such warehouse receipt, or bill of lading, or security, or the goods, wares and merchandise mentioned therein, as the case may be, were acquired ; but such power of sale shall be subject to the following provisions, namely :—

2. No sale without the consent in writing of the owner of any timber, boards, deals, staves, saw-logs or other lumber, shall be made under this Act, until notice of the time and place of such sale has been given by a registered letter, mailed in the post office to the last known address of the pledger thereof, at least thirty days prior to the sale thereof ; and no goods, wares and merchandise other than timber, boards, deals, staves, saw-logs or other lumber, shall be sold by the bank under this Act without the consent of the owner, until notice of the time and place of sale has been given by a registered letter, mailed in the post office to the last known address of the pledger thereof, at least ten days prior to the sale thereof ;

3. Every such sale of any article mentioned in this section, without the consent of the owner, shall be made by public auction, after a notice thereof by advertisement, stating the time and place thereof in at least two newspapers published in or nearest to the place where the sale is to be made ; and if such sale is in the Province of Quebec, then at least one of such newspapers shall be a newspaper published in the English language, and one other such newspaper shall be a newspaper published in the French language.

79. Every bank which violates any provision contained in any of the sections numbered sixty four to seventy-eight (both inclusive) shall incur for each violation thereof a penalty not exceeding five hundred dollars.

80. The bank shall not be liable to incur any penalty or forfeiture for usury, and may stipulate for, take, reserve or exact any rate of interest or discount not exceeding seven per cent. per annum, and may receive and take in advance any such rate; but

What interest may be allowed.

no higher rate of interest shall be recoverable by the bank, and the bank may allow any rate of interest whatever upon money deposited with it.

No instrument to be void on ground of usury.

81. No promissory note, bill of exchange or other negotiable security, discounted by or endorsed or otherwise assigned to the bank, shall be held to be void, usurious or tainted by usury, as regards such bank, or any maker, drawer, acceptor, indorser, or indorsee thereof, or other party thereto, or *bonâ fide* holder thereof, nor shall any party thereto be subject to any penalty or forfeiture by reason of any rate of interest taken, stipulated or received by such bank, on or with respect to such promissory note, bill of exchange, or other negotiable security, or paid or allowed by any party thereto to another in compensation for, or in consideration of the rate of interest taken or to be taken thereon by such bank; but no party thereto, other than the bank, shall be entitled to recover or liable to pay more than the lawful rate of interest in the Province where the suit is brought, nor shall the bank be entitled to recover a higher rate than seven per cent. per

As to innocent holders.

annum; and no innocent holder of or party to any promissory note, bill of exchange or other negotiable security, shall, in any case, be deprived of any remedy against any party thereto, or liable to any penalty or forfeiture, by reason of any usury or offence against the laws of any such Province, respecting interest, committed in respect of such note, bill or negotiable security, without the complicity or consent of such innocent holder or party.

Collection fees.

82. The bank may, in discounting at any of its places of business, branches, agencies or offices of discount and deposit, any note, bill or other negotiable security or paper payable at any other of its own places or seats of business, branches, agencies or offices of discount and deposit in Canada, receive or retain, in addition to the discount, any amount not exceeding the following rates per cent., according to the time it has to run, on the amount of such note, bill or other negotiable security or paper, to defray the expenses attending the collection thereof, that is to say: under thirty days, one-eighth of one per cent.; thirty days or over, but under sixty days, one-fourth of one per cent.; sixty days and over, but under ninety days, three-eighths of one per cent.; ninety days and over, one-half of one per cent.

83. The bank may, in discounting any note, bill or other Agency fees. negotiable security or paper, *bonâ fide*, payable at any place in Canada different from that at which it is discounted, and other than one of its own places or seats of business, branches, agencies or offices of discount and deposit in Canada, receive and retain, in addition to the discount thereon, a sum not exceeding one-half of one per cent. on the amount thereof to defray the expenses of agency and charges in collecting the same.

84. The bank may receive deposits from any person whom- Deposits may be received from persons unable to contract. soever, whatever his age, status or condition in life, and whether such person is qualified by law to enter into ordinary contracts or not ; and, from time to time, may repay any or all of the principal thereof, and may pay the whole or any part of the interest thereon to such person, without the authority, aid, assistance or intervention of any person or official being required, unless before such repayment the money so deposited in and repaid by the bank is lawfully claimed as the property of some other person, in which case it may be paid to the depositor with the consent of the claimant, or to the claimant with the consent of the depositor : Provided always, that if the person making any such deposit could not, under the law of the Province where the deposit is made, deposit and withdraw money in and from a bank without this section, the total amount to be received from such person on deposit shall not, at any time, exceed the sum of five hundred dollars ;

Proviso : amount limited.

2. The bank shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any deposit made under the authority of this section is subject ; and except only in the case of a lawful claim, by some other person before repayment, the receipt of the person in whose name any such deposit stands, or if it stands in the name of two persons the receipt of one, or if in the names of more than two persons the receipt of a majority of such persons, shall be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit, notwithstanding any trust to which such deposit is then subject, and whether or not the bank sought to be charged with such trust (and with whom the deposit has been made) had notice thereof ; and the bank shall not be bound to see to the application of the money paid upon such receipt.

Bank not bound to see to trusts in relation to such deposits.

RETURNS BY THE BANK.

Monthly returns to Government. **85.** Monthly returns shall be made by the bank to the Minister of Finance and Receiver-General in the form set forth in Schedule D to this Act, and shall be made up and sent in within the first fifteen days of each month, and shall exhibit the condition of the bank on the last juridical day of the month next preceding : and such monthly returns shall be signed by the chief accountant and by the president, or vice-president, or the director or principal partner than acting as president, and by the manager, cashier or other principal officer of the bank at its chief place of business :

Penalty for not making up monthly returns in due time. 2. Every bank which neglects to make up and send in, as aforesaid, any monthly return required by this section within the time hereby limited, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which the bank neglects so to make up and send in such return : and the date upon which it appears by the post office stamp or mark upon the envelope or wrapper enclosing such returns for transmission to the Minister of Finance and Receiver-General, that the same was deposited in the post office, shall be taken *prima facie*, for the purposes of this section, to be the date upon which such return was made up and sent in.

Special returns may be called for. **86.** The Minister of Finance and Receiver-General may also call for special returns from any bank, whenever, in his judgment, they are necessary to afford a full and complete knowledge of its condition :

Penalty for not making such return in due time. 2. Such special returns shall be made and signed in the manner and by the persons specified in the next preceding section, and every bank which neglects to make and send in any such special return, within thirty days from the date of the demand therefor by the Minister of Finance and Receiver-General, shall incur a penalty of five hundred dollars for each and every day such neglect continues : and the provisions contained in the last preceding section, as to the *prima facie* evidence of the date upon which returns are made up and sent in thereunder, shall apply to returns made under this section : Provided, always, that the Minister of Finance and Receiver-General may extend the time for sending in such special returns for such further period, not exceeding thirty days, as he thinks expedient.

87. The bank shall, within twenty days after the close of each calendar year, transmit or deliver to the Minister of Finance and Receiver-General, to be by him laid before Parliament, a certified list showing the names of the shareholders of the bank, on the last day of such calendar year, with their additions and residences, the number of shares then held by them respectively, and the value at par of such shares :

Transmission of certified lists of shareholders to Minister of Finance.

2. Such list shall be delivered at the Department of Finance, or shall be sent by registered letter posted at such time that, in the ordinary course of post, it may be delivered at the said Department within the time abovesaid limited :

Mode of transmission.

3. Every bank which neglects to transmit such list in manner aforesaid, within the time aforesaid, shall incur a penalty of fifty dollars for each and every day during which such neglect continues.

Penalty for neglect to transmit such lists.

88. The bank shall, within twenty days after the close of each calendar year, transmit or deliver to the Minister of Finance and Receiver-General, to be by him laid before Parliament, a return of all dividends which have remained unpaid for more than five years, and also of all amounts or balances in respect to which no transactions have taken place or upon which no interest has been paid during the five years prior to the date of such return : Provided, always, that in case of moneys deposited for a fixed period, the period of five years above referred to shall be reckoned from the date of the termination of such fixed period ;

Annual statement of dividends remaining unpaid, etc.

Proviso.

2. Such return shall be signed in the manner required for the monthly returns under section eighty-five of this Act, and shall set forth the name of each shareholder or creditor, his last known address, the amount due, the agency of the bank at which the last transaction took place, and the date thereof ; and if such shareholder or creditor is known to the bank to be dead, such return shall show the names and addresses of his legal representatives so far as known to the bank :

Details of return.

Further details.

3. Every bank which neglects to transmit or deliver to the Minister of Finance and Receiver-General the return above referred to, within the time hereinbefore limited, shall incur a penalty of fifty dollars for each and every day during which such neglect continues ;

Penalty for not making annual return.

Disposal of unclaimed moneys.

4. If, in the event of the winding up of the business of the bank in insolvency, or under any general winding-up Act, or otherwise, any moneys payable by the liquidator, either to shareholders or depositors, remain unclaimed for the period of three years from the date of suspension of payment by the bank, or from the commencement of the winding up of such business, or until the final winding up of such business if such takes place before the expiration of the said three years, such moneys and all interest thereon shall, notwithstanding any statute of limitations or other Act relating to prescription, be paid to the Minister of Finance and Receiver-General, to be held by him subject to all rightful claims on behalf of any person other than the bank; and in case a claim to any moneys so paid as aforesaid is thereafter established to the satisfaction of the Treasury Board, the Governor in Council shall, on the report of the Treasury Board, direct payment thereof to be made to the person entitled thereto, together with interest on the principal sum thereof, at the rate of three per cent. per annum for a period not exceeding six years from the date of payment thereof to the said Minister of Finance and Receiver-General as aforesaid: Provided, however, that no such interest shall be paid or payable on such principal sum, unless interest thereon was payable by the bank paying the same to the said Minister of Finance and Receiver-General: Provided also, that on payment to the Minister of Finance and Receiver-General as herein provided, the bank and its assets shall be held to be discharged from further liability for the amounts so paid.

Proviso.

Proviso.

Requirements as to outstanding notes in case of insolvency

5. Upon the winding-up of a bank in insolvency or under any general winding-up Act, or otherwise, the assignees, liquidators, directors or other officials in charge of such winding-up shall, before the final distribution of the assets, or within three years from the commencement of the suspension of payment by the bank, whichever shall first happen, pay over to the Minister of Finance and Receiver-General a sum out of the assets of the bank equal to the amount then outstanding of the notes intended for circulation issued by the bank; and upon such payment being made, the bank and its assets shall be relieved from all further liability in respect of such outstanding notes. The sum so paid shall be held by the Minister of Finance and Receiver-General and applied for the purpose of redeeming, whenever presented, such outstanding notes, without interest.

INSOLVENCY.

89. In the event of the property and assets of the bank being insufficient to pay its debts and liabilities, each shareholder of the bank shall be liable for the deficiency to an amount equal to the par value of the shares held by him, in addition to any amount not paid upon such shares. Liability of shareholders in case of insufficiency of assets.

90. As a condition of the rights and privileges conferred by this Act or by any Act in amendment thereof, the following provision shall have effect :—The liability of the bank under any law, custom, or agreement, to repay moneys deposited with it and interest (if any), and to pay dividends declared and payable on its capital stock, shall continue notwithstanding any statute of limitations or any enactment, or law relating to prescription ; Provision as to prescription and statute of limitations.

2. This section applies to moneys heretofore or hereafter deposited, and to dividends heretofore or hereafter declared. Retroaction.

91. Any suspension by the bank of payment of any of its liabilities as they accrue, in specie or Dominion notes, shall, if it continues for ninety days, consecutively, or at intervals within twelve consecutive months, constitute the bank insolvent, and operate a forfeiture of its charter or Act of incorporation, so far as regards all further banking operations ; and the charter or Act of incorporation shall remain in force only for the purpose of enabling the directors or other lawful authority to make and enforce the calls mentioned in the next following sections of this Act and to wind up its business. Suspension for 90 days to constitute insolvency.

92. If any suspension of payment in full in specie or Dominion notes of all or any of the notes or other liabilities of the bank continues for three months after the expiration of the time which, under the preceding section, would constitute the bank insolvent, and if no proceedings are taken under any general or special Act for the winding up of the bank, the directors shall make calls on the shareholders thereof, to the amount they deem necessary to pay all the debts and liabilities of the bank, without waiting for the collection of any debts due to it or the sale of any of its assets or property : Calls in such cases.

How such calls shall be made and enforced.

2. Such calls shall be made at intervals of thirty days, and upon notice to be given thirty days at least prior to the day on which such calls shall be payable, and any number of such calls may be made by one resolution; any such call shall not exceed twenty per cent. on each share; and payment of such calls may be enforced in like manner as payment of calls on unpaid stock may be enforced; and the first of such calls may be made within ten days after the expiration of the said three months;

Refusal to make calls under this section a misdemeanor.

3. Every director who refuses to make or enforce, or to concur in making or enforcing, any call under this section, is guilty of a misdemeanor, and liable to imprisonment for any term not exceeding two years, and shall further be personally responsible for any damages suffered by such default.

Calls under winding-up Act.

93. In the event of proceedings being taken under any general or special winding-up Act, in consequence of the insolvency of the bank, the said calls shall be made in the manner prescribed for the making of such calls in such general or special winding-up Act.

Forfeiture for non payment.

94. Any failure on the part of any shareholder liable to any such call to pay the same when due shall operate a forfeiture by such shareholder of all claim in or to any part of the assets of the bank,—such call and any further call thereafter being nevertheless recoverable from him as if no such forfeiture had been incurred.

Liability of directors not diminished.

95. Nothing in the six sections next preceding contained shall be construed to alter or diminish the additional liabilities of the directors as hereinbefore mentioned and declared.

Liability of shareholders who have transferred their stock.

96. Persons who, having been shareholders of the bank, have only transferred their shares, or any of them, to others, or registered the transfer thereof within sixty days before the commencement of the suspension of payment by the bank; and persons whose subscriptions to the stock of the bank have been cancelled in manner hereinbefore provided within the said period of sixty days before the commencement of the suspension of payment by the bank, shall be liable to all calls on the shares held or subscribed for by

them, as if they held such shares at the time of such suspension of payment, saving their recourse against those by whom such shares were then actually held.

OFFENCES AND PENALTIES.

97. Every one is guilty of a misdemeanor, and liable to imprisonment for a term not exceeding two years, who, being the president, vice-president, director, principal partner *en commandite*, manager, cashier, or other officer of the bank, wilfully gives or concurs in giving any creditor of the bank any fraudulent, undue or unfair preference over other creditors, by giving security to such creditor, or by changing the nature of his claim, or otherwise howsoever, and shall further be responsible for all damages sustained by any person in consequence of such preference. President, etc., giving undue preference to any creditor, guilty of a misdemeanor.

98. The amount of all penalties imposed upon a bank for any violation of this Act shall be recoverable and enforceable with costs, at the suit of Her Majesty, instituted by the Attorney-General of Canada, or the Minister of Finance and Receiver-General, and such penalties shall belong to the Crown for the public uses of Canada; but the Governor in Council, on the report of the Treasury Board, may direct that any portion of any penalty be remitted or paid to any person, or applied in any manner deemed best adapted to attain the objects of this Act, and to secure the due administration thereof. Recovery and disposal of penalties.

99. The making of any wilfully false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the bank is, unless it amounts to a higher offence, a misdemeanor punishable by imprisonment for a term not exceeding five years; and every president, vice-president, director, principal partner *en commandite*, auditor, manager, cashier or other officer of the bank, who prepares, signs, approves or concurs in such statement, return, report or document, or uses the same with intent to deceive or mislead any person, shall be held to have wilfully made such false statement, and shall further be responsible for all damages sustained by any person in consequence thereof. Making false statement in returns, etc., a misdemeanor, etc.

100. Every person assuming or using the title of "bank," "banking company," "banking house," "banking association," Unauthorized use of title "Bank," etc.

or "banking institution," without being authorized so to do by this Act, or by some other Act in force in that behalf, is guilty of an offence against this Act.

Penalty for offence against this Act. **101.** Every person, committing an offence declared to be an offence against this Act, shall be liable to a fine not exceeding one thousand dollars, or to imprisonment for a term not exceeding five years, or to both, in the discretion of the court before which the conviction is had.

PUBLIC NOTICES.

How notices shall be given. **102.** The several public notices by this Act required to be given shall, unless otherwise specified, be given by advertisement in one or more newspapers published at the place where the head office of the bank is situate, and in the *Canada Gazette*.

DOMINION GOVERNMENT CHEQUES.

Government cheques to be paid at par. **103.** The bank shall not charge any discount or commission for cashing any official cheque of the Government of Canada, or of any department thereof, whether drawn on itself or on another bank.

COMMENCEMENT OF ACT AND REPEAL.

Commencement of this Act. **104.** This Act shall come into force on the first day of July, in the year one thousand eight hundred and ninety-one; and from that day chapter one hundred and twenty of the Revised Statutes of Canada, intituled "*An Act respecting Banks and Banking*," the Act passed in the fifty-first year of Her Majesty's reign, chapter twenty-seven, in amendment thereof, the Act passed in the session held in the thirty-third year of Her Majesty's reign, chapter twelve, intituled "*An Act to remove certain restrictions with respect to the issue of bank notes in Nova Scotia*," the Act passed in V., c. 27, and the session held in the fiftieth and fifty-first years of Her Majesty's reign, chapter forty-seven, intituled "*An Act respecting the defacing of counterfeit notes and the use of imitations of notes*," and chapter one hundred and twenty of the Revised Statutes of New Brunswick, "*Of Banking*," and the Act passed by the Legislature

Repeal of R.S.C., c. 120 and of 51 V., c. 27, and 50-51 V., c. 47.

of the Province of New Brunswick in the nineteenth year of Her Majesty's reign, chapter forty-seven, intituled "*An Act to explain chapter 120, Title XXXI, of the Revised Statutes, 'Of Banking,'*" shall be repealed, except as to rights theretofore acquired or liabilities incurred in regard to any matter or thing done or contract or agreement made or entered into, or offences committed under the said chapters or Acts, and nothing in this Act shall affect any action or proceedings then pending under the said chapter or Acts then repealed, but the same shall be decided as if such chapters and Acts had not been repealed.

SCHEDULE A.

BANKS WHOSE CHARTERS ARE CONTINUED BY THIS ACT.

1. The Bank of Montreal.
2. The Quebec Bank.
3. La Banque du Peuple.
4. The Molsons Bank.
5. The Bank of Toronto.
6. The Ontario Bank.
7. The Eastern Townships Bank.
8. La Banque Nationale.
9. La Banque Jacques Cartier.
10. The Merchants Bank of Canada.
11. The Union Bank of Canada.
12. The Canadian Bank of Commerce.
13. The Dominion Bank.
14. The Merchants' Bank of Halifax.
15. The Bank of Nova Scotia.
16. The Bank of Yarmouth.
17. La Banque Ville Marie.
18. The Standard Bank of Canada.
19. The Bank of Hamilton.
20. The Halifax Banking Company.
21. La Banque d'Hochelaga.
22. The Imperial Bank of Canada.
23. La Banque de St. Hyacinthe.

24. The Bank of Ottawa.
25. The Bank of New Brunswick.
26. The Exchange Bank of Yarmouth.
27. The Union Bank of Halifax.
28. The People's Bank of Halifax.
29. La Banque de St. Jean.
30. The Commercial Bank of Windsor.
31. The Western Bank of Canada.
32. The Commercial Bank of Manitoba.
33. The Traders' Bank of Canada.
34. The People's Bank of New Brunswick.
35. The St. Stephen's Bank.
36. The Summerside Bank.

SCHEDULE B.

FORM OF ACT OF INCORPORATION OF NEW BANKS.

An Act to incorporate the Bank.

Whereas the persons hereinafter named have, by their petition, prayed that an Act be passed for the purpose of establishing a bank in , and it is expedient to grant the prayer of the said petition ;

Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows :

1. The persons hereinafter named, together with such others as become shareholders in the corporation by this Act created, are hereby constituted a corporation by the name of , hereinafter called " the Bank."

2. The capital stock of the bank shall be dollars.

3. The chief office of the bank shall be at

4.

shall be the provisional directors of the Bank.

5. This Act shall, subject to the provisions of section sixteen of "The Bank Act," remain in force until the first day of July, in the year one thousand nine hundred and one.

SCHEDULE C.

FORM OF SECURITY UNDER SECTION SEVENTY-FOUR.

In consideration of an advance of _____ dollars, made by the (*name of bank*) to A. B., for which the said bank holds the following bills or notes (*describe fully the bills or notes held, if any*), the goods, wares and merchandise mentioned below are hereby assigned to the said bank as security for the payment, on or before the _____ day of _____ of the said advance, together with interest thereon at the rate of _____ per cent. per annum from the _____ day of _____ (*or, of the said bills and notes, or renewals thereof, or substitutions therefor, and interest thereon, or as the case may be*).

This security is given under the provisions of section seventy-four of the "Bank Act," and is subject to all the provisions of the said Act.

The said goods, wares and merchandise are now owned by _____ and are now in _____ possession, and are free from any mortgage, lien or charge thereon (*or as the case may be*), and are in (*place or places where goods are*), and are the following: (*particular description of goods assigned*).

Dated at _____ 18 _____

SCHEDULE D.

Return of the liabilities and assets of the _____ bank
 on the _____ day of _____ A.D.
 Capital authorized.....\$ _____

Capital subscribed	\$	
Capital paid up.....	\$	
Amount of rest or reserve fund.....	\$	
Rate per cent. of last dividend declared.		per cent.

LIABILITIES.

1. Notes in circulation.....\$
2. Balance due to Dominion Government, after deducting advances for credits, pay-lists, etc
3. Balance due to Provincial Governments.....
4. Deposits by the public, payable on demand.....
5. Deposits by the public,¹ payable after notice or on a fixed day.....¹.....
6. Loans from other banks in Canada secured.....
7. Deposits payable on demand or after notice or on a fixed day, made by other banks in Canada.....
8. Balances due to other banks in Canada in daily exchanges.....
9. Balances due to agencies of the bank, or to other banks or agencies in foreign countries.....
10. Balances due to agencies of the bank or to other banks or agencies in the United Kingdom.....
11. Liabilities not included under foregoing heads.....

\$

ASSETS.

1. Specie.....\$
2. Dominion notes.....

3. Deposits with Dominion Government for security of note circulation.....
4. Notes of and cheques on other banks..
5. Loans to other banks in Canada, secured
6. Deposits, payable on demand or after notice or on a fixed day, made with other banks in Canada.....
7. Balances due from other banks in Canada in daily exchange.....
8. Balances due from agencies of the bank, or from other banks or agencies in foreign countries.....
9. Balances due from agencies of the bank, or from other banks or agencies in the United Kingdom...
10. Dominion Government debentures or stocks..... ..
11. Canadian municipal securities and British, Provincial, or foreign or colonial public securities (other than Dominion).....
12. Canadian British and other railway securities.....
13. Call loans on bonds and stocks.....
14. Current loans.....
15. Loans to the Government of Canada.
16. Loans to Provincial Governments.....
17. Overdue debts..... ..
18. Real estate, the property of the bank (other than the bank premises)...
19. Mortgages on real estate sold by the bank..... ..
20. Bank premises..... ..
21. Other assets not included under the foregoing heads..... ..

\$

Aggregate amount of loans to directors, and firms of which they are partners, \$

Average amount of specie held during the month, \$

Average amount of Dominion Notes held during the month, \$

Greatest amount of notes in circulation at any time during the month, \$

I declare that the above return has been prepared under my directions, and is correct according to the books of the bank.

is:

E. F.,

Chief Accountant.

We declare that the foregoing return is made up from the books of the bank, and that to the best of our knowledge and belief it is correct, and shows truly and clearly the financial position of the bank; and we further declare that the bank has never, at any time during the period to which the said return relates, held less than forty per cent. of its cash reserves in Dominion notes.

(Place)

this

day of

A. B., *President.*

C. D., *General Manager.*

INDEX TO BANK ACT.

SECT.

Act, application of, to certain banks	3
“ commencement of, and repeal of certain Acts.....	104
“ of incorporation of certain banks continued	4
“ “ new banks, contents of.....	9
“ provisions of, may be extended to Merchants Bank of P. E. Island.	8
Advances, certain, forbidden.....	64
“ illegal, penalty in respect of.....	79
Agency fees.....	82
Agent, interpretation of.....	73
Allotment of increased capital stock	27
Amount to be paid in before commencing business	13
Annual meeting, date of.....	18
“ statement for shareholders, form and contents of.....	45
“ return of unclaimed dividends, etc.....	88
Bank of British Columbia, certain provisions applicable to the.....	6
“ “ chief office for purposes of this Act.....	7
“ British North America, certain provisions applicable to.....	6
“ “ chief office for purposes of this Act.....	7
“ lien of, on goods manufactured from articles pledged to it.....	77
“ may sell such goods for non-payment after giving due notice.	78
“ “ by auction.....	78
“ prior claim of, on such goods.....	77
“ officials not to vote	25
“ stock not to be dealt in by any bank.....	64
“ unauthorized use of term of, an offence.....	100
Bill of lading, interpretation of.....	2
“ as collateral security	73
Bonds, notes, etc., by whom to be signed.....	58
“ mode of affixing signatures.....	59
Books, etc., inspection of, by directors.....	46
Branches and agencies may be opened.....	64
Business of the bank defined.....	64
“ certain, prohibited.....	64
“ conditions to be observed before commencing.....	14
By-laws, certain, continued in force.....	18
“ may be made by directors.....	22
“ “ shareholders	18
Calls on shares, and amount thereof and interval between.....	31
“ recovery of.....	32
“ “ allegation to be made.....	34
“ forfeiture for non-payment of.....	33
“ “ sale and transfer of, in such cases	33
“ in the event of insufficiency of assets how made, forfeiture	92
“ “ “ for non-payment of....	92
“ “ “ refusal to make a misdemeanor..	92
“ “ “ under a Winding-up Act	93
Capital stock of new banks, amount of	10
“ allotment of unsubscribed or increased	27
“ increase of.....	26
“ reduction of.....	28
Capital, provision in case of impairment of	48
Cash reserves, proportion of, to be held in Dominion notes.....	50
“ “ “ “ penalty for con- travention..	50
Casting vote at Directors' meetings.....	21
“ Shareholders' meetings.....	25
Certificate to be obtained from Treasury Board before commencing bu- siness	14
“ “ “ requirements prior to issue of	14

Charters of certain banks continued. <i>See Schedule A and</i>	4
Charter of new bank lapses if certificate is not obtained in one year....	16
Circulation, deposit by banks of percentage of.....	54
“ “ “ in case of a new bank.....	54
“ “ “ in case of Merchants Bank of P.E.I.	54
“ excessive, penalty for.....	51
“ Redemption Fund, to be kept.....	54
“ “ to bear interest.....	54
“ “ enforcement of payment into.....	54
“ “ liability of Government limited.....	54
“ “ management of.....	54
“ “ Minister of Finance to rank equally on..	54
“ “ payment out of.....	54
Collateral security, bonds, stock, etc.....	66
“ how dealt with.....	66
“ warehouse receipts and bills of lading.....	73
Collection fees.....	82
Commencement of business.....	14
Deposits from persons unable to contract.....	84
“ “ “ bank not bound to see to trusts in such cases.....	84
Directors, provisional, number of.....	11
“ election of, notice to be given of meeting for.....	19
“ “ provision in case of failure in.....	20
“ general powers of.....	22
“ liability of, if dividend impairs capital.....	48
“ “ not diminished or varied by insolvency.....	95
“ majority of, to be British subjects.....	19
“ making or concurring in false statements.....	99
“ may inspect books, etc., of the bank.....	46
“ may make by-laws.....	22
“ qualification, quorum, and remuneration of.....	19, 18
“ regulation of loans to.....	18
“ removal of.....	24
“ vacancies in office of, how filled.....	19
Discounts and loans, amount of, to be fixed by by-law.....	18
Dividends, declaration of, and notice of.....	47
“ limited, unless there is a certain reserve.....	49
“ not to impair capital.....	45
“ “ liability of Directors in such case.....	48
“ unclaimed balances, etc., return of.....	88
Dominion notes, part of reserve to be in.....	50
“ place of redemption of.....	50
“ payment in, up to \$100.....	57
“ supply of.....	50
Goods, wares and merchandise, interpretation of.....	1
“ manufactured from articles pledged.....	77
“ “ “ sale of, for non-payment of debt.....	78
“ “ “ to be by auction after notice.....	78
Government, Dominion, cheques to be cashed at par.....	103
Guarantee and pension funds may be established.....	18
Incorporation of new banks, form of Act. <i>See Schedule B.</i>	
Insolvency, calls by Directors in case of insufficiency of assets.....	92
“ “ refusal to make a misdemeanor.....	92
“ calls under Winding-up Act.....	95
“ liability of Directors not diminished in the event of.....	95
“ “ shareholders in the event of.....	59
“ notes issued to be a first charge on assets.....	55
“ requirements as to outstanding notes in case of.....	88
“ suspension of 90 days to constitute.....	91
Inspection of books by Directors only.....	46
Interest, rate of.....	50
Interpretation of agent.....	73
“ certain other expressions.....	2
La Banque du Peuple, certain provisions applicable to.....	5, 15

	SECT.
Lands, purchase of, under execution.....	69
Liability of persons holding stock in trust.....	44
" shareholders in the event of insufficiency of assets.....	89
" " who have transferred their stock.....	96
" trustees in certain cases.....	44
Lien of bank on goods manufactured from articles pledged.....	77
Loans to wholesale manufacturer, purchaser or shipper.....	74
" " " form of security in such cases.....	74
" " " acquisition of such security.....	75
" " " exchange.....	75
" " " penalty for false statement therein.....	75
" " " " parting with such goods.....	75
Manufacturer, interpretation of.....	2
Meeting, annual, date of.....	18
" special general, mode of calling.....	24
" for election of directors.....	24
" of subscribers to stock, and place of holding.....	13
Merchants Bank of Prince Edward Island may come under this Act....	8
Monthly returns, form of. <i>See Schedule D.</i>	
Mortgages upon real or personal property as additional security.....	68
Notes, advances on, not recoverable.....	52
" advertisements not to be issued in the form of.....	63
" amount and denomination of.....	51
" and bills, mode of affixing signatures.....	59
" counterfeit, to be stamped as such.....	62
" directors and officials liable for pledging.....	52
" of suspended banks to bear interest until redeemed.....	54
" payment of, in the event of suspension.....	54
" penalty for defacing.....	61
" " excess in circulation of.....	52
" " improper issue or acceptance of.....	52
" " unauthorized issue of.....	60
" redemption of, in specie or Dominion notes.....	57
" to be a first charge on all assets.....	53
" to be payable at par throughout Canada.....	55
" what shall be deemed to be for circulation.....	60
Notice of first meeting for organizing a new bank.....	13
" meeting for election of directors.....	19
Notices, mode of giving.....	102
Officers, clerks and servants, appointment of.....	23
" " security to be given by.....	23
Penalties imposed, not to be a prior charge on assets.....	53
" and disposal of.....	98
Penalty for contravention by bank of provisions of sections 64 to 78 inclusive.....	79
" offences against "The Bank Act".....	101
Pension and Guarantee Funds may be established.....	18
Powers, general, of the bank.....	64
President and Vice-President, election of.....	19
" Directors and Officials giving undue preference.....	97
" Vice-President or Directors, removal of.....	24
" " remuneration of.....	18
" " vacancy in the office of.....	19
" votes as a Director and has a casting vote.....	21
Presiding officer at shareholders' meeting has a casting vote.....	25
Privileged lien of bank on its stock for overdue debts.....	65
Provisional directors, number of, and term of office.....	11
Proxy must be made or renewed within two years.....	25
" not to be held by an official of the bank.....	25
" to be held only by a shareholder of the bank.....	25
Real Estate, absolute title to, may be acquired.....	71
" for actual occupation may be acquired.....	67
" otherwise acquired to be sold in seven years.....	70
" purchase of, under execution.....	69
Reserve before declaring dividend exceeding 5 per cent.....	49

Reserves, cash, 40 per cent. to be in Dominion notes.....	50
" " " penalty for con-compliance.....	50
Returns, making false, a misdemeanor.....	99
" monthly, to the Government.....	85
" " " penalty for non-transmission.....	85
" special, may be called for.....	86
" " " penalty for delay in making.....	86
Shareholders in arrears for calls not to vote.....	25
" certified list of, for Parliament, and mode of transmission.....	87
" " " " penalty for non-transmission.....	87
" liability of, who transfer stock prior to suspension.....	96
" " " in the event of insufficiency of assets.....	89
" " " who have not paid calls due.....	33
" may inspect list of transfers of shares.....	36
" may make by-laws.....	18
Shares and transfers thereof.....	29
" bank not bound to see to trusts respecting.....	43
" " to have lien on, for overdue debts.....	65
" " " " sale and transfer in such cases.....	65
" calls on, amount of, and notice of.....	31
" " recovery of.....	32
" cancellation, by directors, of subscriptions for.....	30
" forfeiture for non-payment of calls.....	33
" " " " sale and transfer in such cases.....	33
" of new banks to be \$100 each.....	10
" sale of, under execution.....	38
Stock, amount of, to be subscribed before the first meeting.....	13
" books may be opened.....	12
" " for subscriptions and transfers in the United Kingdom.....	29
Title, unauthorized use of, of bank, etc., an offence.....	100
Transfer, books may be closed before payment of dividend.....	47
" of shares, conditions respecting the.....	35
" " in the United Kingdom.....	29
" " list of, to be kept at head office.....	36
" " " shareholders may inspect the.....	36
" " " " when sold under execution.....	38
Transferrer of shares must be registered owner.....	37
Transmission of shares by decease.....	39
" " by marriage of female shareholder.....	40
" " " otherwise than by transfer, authentication of.....	39
" " " provision in case of doubt.....	39
Treasury Board, interpretation of.....	2
Trustees not personally liable in certain cases.....	44
Trusts as to deposits by minors, banks not bound to see to.....	84
" in relation to shares.....	43
Unclaimed dividends and balances, annual return to be made.....	88
" " " penalty for non-compliance.....	68
Undue preference over other creditors a misdemeanor.....	97
Unpaid vendor, prior claim of bank over.....	77
Usury, bank not liable to penalty for.....	80
" no instrument to be void on the ground of.....	81
Vacancies among directors, how filled.....	19
Vote, shareholders in arrears for calls due not to.....	25
" of joint holders of shares.....	25
Votes at directors' meetings.....	21
" at shareholders' meetings, one vote for each share.....	25
" by proxy.....	25
" majority of, to govern.....	25
" to be by ballot.....	25
" provision in case of equality of, at Directors' meetings.....	21
" " " at shareholders' meetings.....	19
Warehouse receipt, interpretation of.....	2
" advances on, bank has prior claim on.....	77
" exchange of, for bill of lading, and <i>vice versa</i>	75
" giving of false, a misdemeanor.....	75
" " penalty in respect of.....	75