

TO THE PUBLIC.

As imperfect investigation of the causes which led to my resignation of the Presidency of the Central Fire Insurance Company, has terminated in a series of complimentary Resolutions, exculpating the Board of Directors; and, by necessary consequence, creating an impression that I alone am guilty.

That it is the duty of every person, by all honest and lawful means, to defend his own reputation against the secret aspersions of crafty and designing men, and to remove impressions which are unfavourable to his character and conduct will readily be conceded. The natural desire of standing acquitted and blameless in the opinion of the world, therefore, renders it necessary that I shall now appeal to a tribunal where evidence cannot be suppressed, nor facts distorted with impunity; where the machinations of avowed enemies, and the apathy of apparent friends, are alike unavailing to resist the course of truth and of justice.

In determining upon this line of conduct, I am fully prepared to anticipate a vigorous resistance from my opponents—they are united by the necessity of defence. I stand alone and unsupported.—I am a plain, unlearned individual; while, if we are authorized to judge from recent publications, they possess literary talents of no common order; thus unequally matched, I solicit a patient and attentive perusal of the narrative of facts, which it is my purpose now to lay before the Public. If it be said that I have betrayed my trust as a former Director of the Central Fire Insurance Company, by publishing matters which ought to have been confined alone to the deliberations of the Board, I answer that the peculiar position in which I am placed, has fully absolved me from any implied obligation of secrecy.

On my appointment to the Directory of the Central Fire Insurance Company, and to the Presidency of its Board, I felt it my duty to make every possible effort to secure its perfect organization; the subscription list was but indifferently filled; among the subscribers a spirit of apathetic indifference was plainly discernible; and to the extraordinary exertions of the Board of Directors alone, are we indebted for the establishment of the Company in its present efficient form. That I was not an inactive spectator of these exertions, will be apparent by a Resolution passed by the Board on the last day of my attendance in the capacity of their President.

A short time previous to the day appointed for the payment of the stock, it was visible that unless the subscribers could obtain assistance from the Banks or from private Capitalists, the whole project must fail; and the very liberal disposition which the Central Bank had exhibited, at a time when the money market was sustaining an extraordinary pressure, in consequence of the Saint John Banks having curtailed their issues, naturally induced the subscribers to look to it for accommodation. In August last, at the request of the President of the Central Bank, I summoned the Board of the Fire Insurance Company to a conference with the Board of the Central Bank, to ascertain and determine the ultimate destination of the monies, which the latter were willing to advance in the way of discount to the subscribers of the Fire Insurance Company. In a late Resolution of the Board of the Central Fire Insurance Company, a most puerile exception has been taken to the term conference; it is scarcely necessary to descend to any explanation, but for this once it may be remarked that a conference between two bodies does not signify the promiscuous assemblage of their members; but that the matter under consideration is discussed by delegates from each body. It has also been alleged in the same resolution that the Directors of the Insurance Company indignantly spurned the idea of suffering another body to dictate to them the terms upon which they should dispose of their own money; this is mere sophistry—there was neither design nor attempt to dictate terms for the disposal of their own money, but of the money which was not yet in their possession and which never would be at their disposal, unless a satisfactory assurance should be given to the Bank that no injury should arise to it by an improper use of such money. On the 22d day of August, 1836, the Board assembled in the President's room of the Central Bank, as stated in the commons; and, after some negotiation, a Resolution was framed, either by Mr. Fisher or by Mr. Asa Coy, nearly to the same effect as the one recently published by the Board of the Central Fire Insurance Company. This I carried into another room, where the Board of the Central Bank was assembled, and laid it before them; but they did not consider it sufficiently protective. I returned to the Central Company's Board; when one or two additions and alterations explanatory of the original Resolution were written in pencil on a piece of paper by Mr. Fisher, with the knowledge and consent of a majority of the Board (all of whom were present.) This explanation provided that the money which the Central Bank was about to lend to the Company, should not be used in any manner prejudicial to the interests of the Central Bank, or words which I understood to imply the same fact. This scrap or memorandum I carried in to the Board of the Central Bank; and, holding it in my hand, read it aloud, when it was accepted, as fully protecting the interests of the Bank.

It was considered unnecessary by the Board of the Fire Insurance Company to enter any record in their minute book of the proceedings of this meeting. That course was not adopted because the Board would not suffer their deliberations to be regulated by the will or opinion of any other Board, as alleged in a late Resolution, (a declaration which is perfectly unintelligible to me,) but simply because, according to the expressed opinion of the Board, there was no necessity to do anything more than file a fair copy of the Resolution and report of

proceedings among the records of the Company. It is absurd to pretend that this Resolution was formally confirmed at a subsequent regular meeting of the Board; no such confirmation was required; it was the deliberate act of the whole Board, duly convened, and required no further confirmation. To confirm an act implies the power of rejecting it. Could the Board have repudiated that resolution?—assuredly not; therefore the notion of a subsequent confirmation is perfectly ridiculous. I was requested to make a fair copy of the resolution, as it had been mutilated, altered, and otherwise defaced; and the copy so made was read at the next meeting; acknowledged to be a correct transcript of its original, and filed in the archives of the Corporation. I am not now prepared to assign any better reason for omitting to incorporate in the transcript of the resolution the very important clause which was ultimately proposed and accepted, than an unreflecting reliance upon the honest intentions of the Board. As a Director of the Central Bank, I declare my firm conviction, that if such specific pledge had not been given, the Stockholders of the Central Fire Insurance Company, as such, would have received no further accommodation at the Bank; but that the Bank would at once have declined to discount paper for the payments of Fire Stock. It has been alleged that accommodation could have been obtained elsewhere if refused by the Central Bank; as the necessity did not exist to obtain such accommodation, it is but a matter of mere conjecture, and of course cannot be disproved; but it is undeniable that paper was discounted at the Central Bank, subsequently to the conference, which had been previously rejected by that Bank, and which would also have been again rejected, if offered for any other purpose; and, if I have been correctly informed, that the same paper had been also rejected at the Banks of Saint John, I think the negative of that allegation may reasonably be inferred.

As the time drew nigh for paying in the stock, it was found that a number of shares were still vacant; it was therefore determined by the Board, that the Directors should jointly sign a note for about £360, to be discounted at the Central Bank, which was offered and promptly accepted. It would be gross folly to deny that even at that moment the existence of the Corporation depended upon the fiat of the Central Bank; and any suspicion of unfair intention would have caused the rejection of that note; which would, by inevitable consequence, have crushed the Insurance Company in its infancy.

The money was counted by Commissioners appointed under the provisions of the Charter, and was returned to the Central Bank. In a few days afterwards, Mr. Chestnut, who had been present at the conference, and who was of course fully cognizant of the pledge given to the Central Bank, presented and most strenuously supported a Petition from a number of persons, some of whom were not stockholders, praying that the whole £10,000 should be lent to the Commercial Bank, to be invested in a Branch Bank, to be established in Fredericton. I considered that the mere presentation of such a Petition by any member of the Board, was in itself highly objectionable and improper, and exhibited an utter disregard to good faith. The Petition was not received. Presently Mr. Asa Coy proposed a Resolution that £5,000 should be invested in the Capital Stock of any new Bank which might be established in Fredericton. This also was rejected. To both of these propositions I had insuperable objections.—We had in my opinion distinctly pledged ourselves to dispose of the money in such way as should not injure the Central Bank; and we were, by our Charter, prohibited from engaging in banking operations.

It was then determined that the money should be forthwith lent on Promissory Notes with two securities; and upwards of £7,000 was accordingly lent at long dates, say 12, 15, 18, and 21 months. Real security had been tendered and refused, at which I was certainly astonished. It had always been my opinion that public monies ought to be secured beyond the possibility of contingent loss; and I was therefore averse to receiving the very lowest species of legal security—an unsealed instrument; but, as a majority ruled, I was compelled to submit. Charity (says the old proverb) begins at home; and my brother Directors seemed fully to comprehend the maxim. Out of £7,635, lent while I was President, £5,600, or nearly 11-14ths, was lent upon paper drawn or endorsed by the Directors, £2,500 of which was taken by the five gentlemen who were at that moment the secret Provisional Trustees of a new Bank. I think that facts will support me in stating that at least £4,500 of the £7,635 was borrowed for the express purpose of investment in the Bank of Fredericton; but of this I was then ignorant, neither was a single syllable uttered about the non-existence of a pledge to the Central Bank. The Board of Directors knew that I considered such pledge to have been given—they knew that the Board of the Central Bank entertained a similar belief;—and yet, while they were secretly intending to violate the very essence of that pledge, they purposely encouraged me in a gross delusion. I shall suffer the public to draw from such disingenuous conduct, the only inference which it will justify. The concealment of their design, was, at least in this case, wholly unnecessary—the money was all at their disposal—the Company was in active operation—they were then indeed an independent body, a fact which one of their Resolutions has falsely assumed for a much earlier date—they had even yet respected the letter of the written pledge—they had "kept the promise to the ear, and broken it to the mind." A more flagrant violation of good faith was however in contemplation. On Monday, the 17th October, seven members of the Directory assembled,

including myself, of whom Messrs. Fisher, Chestnut, Hartt, and Smith, were four, and of course a majority. There was, at that time, about £2,300 of disposable funds out of the £10,000; and applications had been received for perhaps upwards of £4,800. A list of the applicants was prepared, and I noted in pencil, what I considered to be a fair apportionment to each. I laid the list before the Directors; but I speedily discovered, to my no small astonishment, that the all engrossing question of Banks and banking was still in agitation; and that the majority of the Board had prepared another Resolution—the Resolution, as it may emphatically be designated. A slip of paper was handed round the Board, and was recognized with a significant smile. It was then read, viz.: On motion of Mr. Fisher, "Whereas it is believed that arrangements are being made to establish a new Bank in Fredericton; and whereas it is desirable to invest a part of the funds of this Corporation in said Bank; whereupon resolved, that £1,000 be set apart for that purpose, to be specially appropriated thereto; provided, in the meantime, such an Institution is established." It passed, however, in comparative silence. I saw that my opposition was unavailing; and my purpose was then fixed—never again to appear at the Board, until the Resolution should be expunged from the Records. I was then requested to leave the Chair, when the following valedictory Resolution was passed:

"Resolved, unanimously, that the thanks of this Board be presented to the President, for the activity, zeal, and perseverance, he has manifested in conducting the primary operations of this Corporation, and in a particular manner for the labour he has bestowed, and talent he has displayed in regulating the Books, Affairs, and whole business of the Corporation." I certainly was unprepared to expect a vote of thanks on that important occasion. It was contrary to all usage; nor can I even at this moment discover any probable cause for such a singular procedure. But custom and courtesy demanded a reply, and mine was very brief and general in its nature. That man must indeed be gifted with a singularly retentive memory, who, at this distance of time, can repeat an extemporaneous address, delivered without premeditation. I thanked the Board for the sentiments which they had expressed, briefly recapitulated my exertions to secure the ultimate organization of the Company, and intimated a hope of its continued prosperity. In all this there was nothing that could be construed into approbation of their proceedings, and I defy any member of the Board to adduce one solitary expression in my reply that would justify such a conclusion. They adjourned, and I bade a long farewell to the Board of Directors.

It has been rumoured that I had been influenced in my decision to resign by the advice of Mr. Clopper, and other Directors of the Central Bank; this I distinctly and unequivocally deny. Neither Mr. Clopper, nor any other Director of the Central Bank, were informed of my intention, until after it had been executed. I felt it due to my own character—I had been the medium of negotiation—I had given the pledge; and surely no arguments ought to have dissuaded me from endeavouring to maintain a reputation for good faith and moral honesty. I tendered my resignation, and obtained the cooperation of several stockholders in summoning a general meeting of the Company. In a series of Resolutions, passed on the 5th December, the Directors have thought proper to allude to this constitutional act in most insolent terms. It is probable that an explanation of such conduct may be demanded at some future meeting. It may then probably be discovered that Representatives shall not be suffered to insult their Constituents with impunity. The letter containing my resignation was subsequently published by the Board, with a somewhat equivocal commentary, in the professed form of a Resolution; upon this commentary a few remarks are necessary.

"The Board cannot avoid expressing their astonishment at the language contained in the letter tendering his resignation, being so entirely at variance with, and contradictory to the sentiments expressed by him at the Board, the day previous to his resignation."

The construction of this sentence, like many others in the same and succeeding commentaries, is so exceedingly loose and ungrammatical as to leave us in doubt whether their astonishment has been caused by the language itself, or by its variation from the sentiments which I am represented to have formerly expressed. In either sense it is not true. I have previously adverted to this circumstance, and I again call upon the Directors, collectively and individually, to repeat one single sentence, uttered by me the day previous to my resignation, which is in any degree at variance with the language and sentiments of my letter of resignation. General assertions will not suffice; they must descend to particulars, or else they must stand convicted of having stated what is not correct.

"The pledge given to the Central Bank has been fully redeemed; the Bank never having called upon that Institution for one shilling in specie for the deposit made in their vaults; and the Resolution passed reserving £1,000 for the purpose of being invested in a new Bank, for the purpose, in letter or spirit militate against any former Resolution of this Board."

My quondam brother Directors must have reckoned upon a full measure of credulity among their constituents and the public. It is difficult to conceive how the transfer of that money from the Central Bank to a new Bank, would not militate against the letter of a Resolution which provided that no specie should be demanded. No specie had or has been taken from the Central Bank—true, but the notes of the Central Bank have been paid into the new Bank as a part

of its Capital Stock. The Central Fire Insurance Company will not demand specie for these notes—assuredly not; but it must inevitably at a future time be demanded by the Directors of the Central Fire Insurance Company, as Directors of the new Bank. What a paltry quibble! a despicable evasion of equity and justice!

I affirm, without fear of contradiction, that specie must of necessity be eventually demanded for a part of the deposit made in the Central Bank—that it will be demanded by the Directors as managers of a new Bank, or by their successors—that it was a portion of the Insurance Company's money which was borrowed by these Directors for the purpose of investment in the new Bank; and they have, therefore, to all intents and purposes, violated even the written pledge to the Central Bank.

That the Resolution for appropriating the sum of £1,000 to a new Bank will not militate against any former Resolution of the Board, is undeniable; and was probably an unquestionable fact when they passed the Resolution which I am now quoting; but this arises only from the circumstance of its virtual repeal. Had they acted upon that Resolution, which at the time they undoubtedly intended, I insist that it would have militated, not only in spirit and in letter, against a former Resolution of the Board, but it would ever have been a direct infraction of the Charter. That it was repealed does in no degree alter its odious character. The motive is the gist of crime—from the design it derives its peculiar complexion; and this act of bad faith was as perfect by the mere passing of that obnoxious Resolution, as if it had been carried into full effect, and I have reason to believe that even its repeal cannot be considered a gratuitous sacrifice to repentance. The money had been already appropriated for other purposes. I shall not now descend to cavil about the question whether the pledge can be said to be fully redeemed, until the whole £10,000 has been lent out according to the spirit of that pledge.

"The Directors are astonished that exception should be taken to that Resolution, as it only appropriated a very small portion of the funds of the Corporation in the manner originally recommended by the late President, and agreeably to the wish of a number of the Stockholders, communicated to the Board by their written memorandum."

A little more honesty of purpose would have taught the Board of Directors to amend their commentary. The intention of the clause which I have just quoted is evidently to induce a belief that I had never opposed these and similar notions, until my resignation; their pretended astonishment would have vanished, by a candid retrospect of my official career. Charity, however, may cause me to suppose that the framers of the Resolution quotes from a treacherous memory. It was not I who recommended the investment of any portion of the capital in Bank stock. I only repeated the substance of a conversation with a gentleman in Saint John; who declared, that, rather than lend the money on bonds, mortgages, &c., he would advise the purchase of Bank stock, even at 50 per cent. premium. I did not suggest the measure, and would assuredly have opposed it under any circumstances; because I could not forget, that by engaging in banking operations, we would endanger our Charter. I may add, that my allusion to the substance of that conversation, was solely with a view to induce caution in the disposal of our funds; and I have no reason to imagine that it was otherwise understood by the Board. To the Petition of the real and pretended Stockholders I have before alluded, and shall say nothing further on the subject.

"The late President must have forgotten, that the Board, in laying aside the £1,000 for the purpose of being invested in Bank Stock, expressly reserved to themselves the right of appropriating the same in any manner they might hereafter think most advisable."

By a careful perusal of the various Resolutions published by the Directors of the Central Fire Insurance Company, my readers will perceive either a studied ambiguity, or a latent quibble, in almost every line; but I scarcely anticipated such an after disregard to common sense, as must be inferred from the clause now under consideration.

"Whereas," says the celebrated Resolution, "it is believed, that arrangements are being made to establish a new Bank in Fredericton; and whereas it is desirable to invest a part of the funds of this Corporation in said Bank; whereupon resolved, that £1,000 be set apart for that purpose, to be specially appropriated thereto; provided, in the meantime, such an Institution is established."

I apprehend that the discovery of an express reservation of a right to appropriate for other purposes than such investment in the above Resolution would puzzle an oracle. There are some persons who profess to discover mysteries in every thing around us: such gentlemen might possibly succeed in finding what is not perceptible to common eyes; but I think that my readers will not discern in any thing even approximating to a reservation, it we except the seeming proviso that "a Bank be established in the meantime." I do not profess to understand what is intended by the word meantime. I leave its explanation with the Board. But however problematical might be the eventual establishment of a new Bank, we have the means of proving that their belief of the intention, was at least well founded!

At a meeting held in Fredericton, on the 19th day of September, 1836. (Notice of which was first published on the 26th October,) Messrs. Asa Coy, Thomas T. Smith, Robert Chestnut, William D. Hartt, and Charles Fisher,—5 of the Directors of the Central Fire Insurance Company,—were

appointed provisional Trustees of a new Bank, and were directed to adopt measures for the immediate engraving and forwarding of a sufficient quantity of suitable notes to commence the business of the Company.

The loans from the Central Fire Insurance Company to these gentlemen were made on the 16th September, 1836.

The Resolution for appropriating £1,000 was passed on the 17th October.

The notes and vault for the new Bank arrived in Fredericton on the 19th October, from Saint John.

This is a chain of circumstances which must convince the most incredulous, that from the commencement of operations by the Central Fire Insurance Company, and in all probability from a much earlier period, a majority of its Directors had determined upon procuring the establishment of a new Bank, with the funds of the Corporation; and I solemnly declare that until the 17th or 18th of October I never received the slightest direct intimation of the fact, perhaps because they were afraid that a premature disclosure would have dissolved the fabric which they were labouring to erect. Nay, so studiously did they avoid any explanation, that any expression of my suspicions that some such intention existed, was met by assurances that there was no design to injure the Central Bank—that all would be right.—I was told that I was too hasty—that I ought to keep cool, &c. &c. I could not be understood to insinuate that this extraordinary secrecy indicated a consciousness of treachery. I only complain that the Directors, feeling or affecting to feel themselves under no actual or implied pledge to the Central Bank, except the indefinite one of not directly demanding specie for their deposit in its vaults; and also knowing that I entertained a contrary opinion, did yet suffer me to continue in error, and still allowed me to indulge in the delusive belief, that a written contract is not always necessary to bind an honest man.

I now come to the consideration of the transactions at the special meeting summoned by my request. It is an established custom, that the cause of assemblage shall invariably be stated at the commencement of business in all public special meetings; and when such meetings are summoned to investigate particular questions, the discussion is always introduced by resolution. It would be disingenuous in me to deny that I had, before the day of meeting, prevailed upon a few friends to assemble privately for the purpose of considering how they could best support me in the step which I had taken. On that occasion some Resolutions, which seemed applicable to the exigence of the case, were framed with a view of being introduced as soon as I should have concluded my address to the Stockholders. I am not aware that in this measure there was any thing repugnant to the strictest principles of justice, or contrary to immemorial usage.

I read to the meeting an address, the substance of which is embodied in the foregoing part of this narrative. An order had been previously made to exclude spectators, on the avowed plea that such spectators, who were persons of high respectability, had come there prepared for a riot;—so said Mr. Chestnut, one of the Directors; and they were accordingly excluded. One of these gentlemen is a Director of the Central Bank, and accidentally possessed the knowledge of a circumstance which would have rendered him a material evidence for me, if I had been suffered to call any witnesses to substantiate the facts which I had occasion to bring before the meeting. It was perfectly manifest to me that a great majority of the stockholders then present had already determined to support my opponents at all hazards, and that a full and fair investigation was altogether hopeless. The Board of Directors endeavoured, by every means, to confine the inquiry to the alleged breach of faith with the Central Bank; which was resisted by Mr. Clopper and some others, as it was considered a point of secondary importance—the improper and insecure disposition of the funds, being the principal ground of objection to the acts of the Board. They, however, succeeded in restricting the inquiry to that single fact.

The Resolution passed on the 22d August was then read by the Chairman, which was declared by the Board to be the only pledge that ever had been given. This I distinctly and publicly contradicted; I repeated the substance of the explanation or further pledge, to which I have already referred; and I affirmed that it had been drawn up by a member of the Board, then present, which was not denied.

George F. S. Berton, Esq., then proposed the following Resolutions, viz.:

1. "Resolved, That the circumstance of John Simpson, Esquire, President of the Corporation, having withdrawn himself from the Board, has deeply affected the interests of the Company, and is much to be regretted; yet it is the opinion of the stockholders, that the course of proceeding adopted by the Board of Directors left Mr. Simpson no honorable alternative; and that his conduct in that respect, as well as in the highly efficient manner in which he conducted the affairs of the Company, merit the highest commendations and meet the full approbation of the Stockholders."

2. "Resolved, That it is the opinion of the Stockholders, that—upon the resignation of John Simpson, Esquire, President of the Board—it would have been the more correct and satisfactory proceeding if five members of the Board had called a general meeting under the terms of the Charter, instead of forcing that duty upon the stockholders themselves; and the more particularly, as Mr. Simpson's resignation involved a question between the Directors and himself, which could only be correctly decided by a reference to the Stockholders. The unanimous proceedings, therefore, of the remaining Directors, in electing a new President without such reference, was a measure highly improper and its legality very questionable."