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The Proposed Bank Merger

New York Financial Paper
Traders' Shareholders Should Get Much More.

(From The United States Investor, New York, May 18)

The astonishing feature about the acquisition of the Traders Bank of Canada by the Royal Bank of Canada must be, to the average American mind, the insignificant price which the Royal Bank has had to pay for the goodwill of the Traders Bank. We have had so many mergers of national banks in this country recently that we have become accustomed to seeing the absorbing bank pay a good round figure for the goodwill of the bank absorbed. That is, the absorbing bank will pay the stockholders of the bank which it takes over the full book value of their shares and something more. This something more usually amounts to a good many dollars per share. What does the absorbing bank obtain, for this? Nothing in the world except a first chance at the deposits of the retiring bank. Ordinarily this payment of several dollars per share for goodwill or first chance aggregates several per cent. of the deposits.

For instance, when a Boston trust company took over one of the local national banks two or three years ago, it paid so much more than book value for each of the shares of the bank that its aggregate payment for the goodwill was equal to five per cent. of the whole amount of deposits it obtained. There have been instances where the absorbing bank has paid as high as eleven per cent. for the deposits it has purchased. This price has generally been regarded as altogether too high. The absorbing bank will have to have these new deposits at work a good many years before they can earn back for it what they cost.

The conservative view among good bankers is that the absorbing institution ought not to pay much more for deposits than what those deposits will earn for it within twelve months after it has acquired them. This would mean a payment of from two to three per cent., certainly not more. It is a very fortunate bank whose resources earn net for it much more than two per cent. in each twelve months. A candid statement of fact compels us to admit, however, that most absorbing banks do pay more for deposits of the retiring institution than what those deposits will earn in a single year. Ordinarily, the cost is nearer four or five per cent. than two or three.

Now what do you suppose the Royal Bank of Canada paid for the deposits of the other chartered bank which it is now acquiring? A sum so small as to astonish your American banker. It appears that the Royal Bank first increases its own capital sufficiently to enable it to give three of its own shares for each four shares of Traders Bank stock. The question then is: What are the respective stocks worth?

In March, eleven of the chartered banks of Canada rendered statements to the Dominion Government. The Royal Bank on that date had a paid-up capital of \$7,491,980. The reserve fund, which corresponds to what we call in this country surplus and undivided profits, amounted to \$8,421,178. Thus each share of the Royal Bank had in March a book value of \$213 per share. The book value, therefore, of three shares of the Royal Bank was \$639. The shareholders of the Traders Bank were practically receiving this sum for four shares of their institution, which is at the rate of \$160 for each share.

The difference between \$160 and the actual book value of the Traders Bank stock is what the Royal Bank is paying for the goodwill of the bank absorbed. The Traders Bank, what do you suppose that book value of Traders Bank stock was in March of this year? Reasoning from your experience with American bank mergers, you would guess that the book value of the Traders Bank stock could hardly have been more than \$140 per share, or, at most, \$145 per share. If this book value were much more than either of these figures, the deposits of the Traders Bank would cost the absorbing bank materially less than three per cent. In actual fact the book value of Traders Bank stock on March 1 was between \$157 and \$158 per share. The whole amount paid for the four shares of the Traders Bank by the Royal Bank in the exchange of shares was only a little over \$100,000.

For this modest figure it secured about forty-one million dollars of deposits. The cost of those deposits is thus seen to be only about a quarter of one per cent. Evidently the goodwill of a bank is valued less highly among Canadian bankers than among the bankers of our own country.

ITALIANS SEIZE ISLE OF SYM

ROME, May 20.—(Can. Press).—A wireless dispatch has been received from Admiral Amero, announcing that the island of Symi, off the west coast of Asia Minor and fifteen miles north-west of Rhodes, has been occupied by the Italians. The Turkish authorities and gendarmes have been made prisoners, and will be sent to Italy.

Chauncey Olcott in Popular Play

"Macushla," the new play written for Chauncey Olcott by Rida Johnson Young, and which is at the Princess this week, is the most modern piece in which the popular Irish star has ever appeared. The scenes are laid in and around Kildare during the middle of the nineteenth century, and present a phase of Irish life quite as picturesque and more familiar than those usually seen in Irish drama.

Firemen Hurt In Twine Factory Blaze Loss Will Reach \$100,000

Lightning Started Fierce Conflagration in Plant of Farmers Binder Twine Co.—Howarth and Wilde Fell When Roof Collapsed and Were Seriously Injured—The Chief in Heroic Rescue.

BRANTFORD, May 20.—(Special).—Lightning caused a disastrous fire here to-night which, within half an hour, wiped out the main factory of the Farmers Binder Twine Co. and caused a loss of \$100,000. Two firemen, H. F. Howarth and E. Wilde, of the central department, were severely, if not fatally, injured in the conflagration, while Watchman Richard Johnson was almost suffocated by smoke and oil fumes and severely lacerated by falling glass, a minute after the lightning struck, in his endeavors to turn in the alarm.

The building contained 96 spinning machines, around which was strewn, from end to end, fibre already oiled and ready for the process of manufacture. When lightning caused the first ignition, the blaze spread almost instantly through the entire building, the interior and contents of which were of a most inflammable nature. When the firemen arrived the building was a seething furnace and efforts were directed towards preventing the conflagration from spreading to the storage building across the lane, where almost

the entire winter's output was stored.

Fell Thru Roof.

This saved the building, but it was at this spot that Firemen Howarth and Wilde went tumbling thru the roof, a distance of 25 feet, into fire and smoke, apparently to their death. It brought forth great heroism on the part of Chief Lewis, who plunged into the building with others in an endeavor to rescue his men. Howarth, who weighs about 250 pounds, fell on the needles of a spinning machine, his face and chest being badly slashed and one ear was almost severed. He was finally extricated from his terrible position, a mass of cuts and wounds.

Wide, it is thought, was injured internally. He fell to the floor.

During the progress of the fire the lightning continued to flash vividly and the firemen worked under a deluge of rain. Few people in the city knew of the blaze. Telephone connection was completely shut off.

The fire was of such volume that it left a charred mass of twisted iron and other debris inside of half an hour after it started. The loss is partially covered by insurance, but it is stated to be unlikely that the factory will be rebuilt, owing to the poor trade conditions for the binder twine made in Canada, and to the fact that operations in recent years have been conducted at a loss.

About 100 hands are thrown out of employment.

DUKE WILL PRESENT COLORS TO YORK RANGERS AT CAMP

His Royal Highness Also Will Review All Regiments on Historic Parade Ground at Niagara—First Camp Opens May 30 and Continues Till June 28.

Brig.-Gen. Cotton yesterday issued the standing orders for the Niagara camp in June. One new feature this year is that the three Toronto regiments—Queen's Own Rifles, 48th Highlanders, 10th Royal Grenadiers—have been ordered to turn out for preliminary camp, which opens on May 20 and lasts for five days. When the Toronto Infantry has closed its manoeuvres the rural regiments from eastern and western Ontario will cross the lake. On account of the ever-increasing number of men who join the ranks, there will be two camps this year, as was the case last summer, the first opening on June 3, and closing June 14, and the second opening June 17 and closing on the 28th.

Review by the Duke

The Duke of Connaught, before returning to Ottawa, will review the troops on the historic common at Niagara-on-the-Lake. The date for his visit has not yet been definitely decided, but it will likely be the first week in June. He also will present a new set of colors to the 12th York Rangers. It is expected that about 1000 Toronto men, or 50 per cent. of those connected with the three regiments, will take in the five days' camp. The Queen's Own will likely supply 800 men, the Highlanders 250, and the Grenadiers 250. The employers of the men are being canvassed and to date it has been found difficult to get permission for some of the men to leave, especially those in the banks and wholesale houses, as June is a very busy month.

This year's manoeuvres will be slightly different from all previous ones as the soldiers will be put under a

more thorough drilling, which will include night marches and bivouacking. As usual, Brig.-Gen. Cotton will be camp commandant. The general staff officer will be Lt.-Col. L. F. Phillips, G.S.O.; Col. Sir Henry Pellatt will be commander of the Toronto brigade, while Col. W. A. Logie will be head of the Hamilton brigade. The musketry instructors will be Capt. Butcher of the permanent staff; Major J. I. McLaren, 51st Regiment, and Capt. C. H. Vanderburg, 44th Regiment.

Brigade Staffs

The brigade staffs are: Lt.-Col. W. H. Merritt, commanding the cavalry; Lt.-Col. J. E. Cobbe, 5th Infantry; Lt.-Col. A. G. Henderson, 10th Infantry, and Lt.-Col. Wallace, 14th Infantry. There is little change in the daily routine. Reveille will sound at 5.30 and lights out at 10.15. The infantry will undergo two drills in the morning and two in the afternoon, ranging from one to two hours in length. The Royal Canadian Dragoons and Royal Canadian Regiment will constitute the camp police.

No Liquor in Camp

The hours for which canteens will be permitted to be open are restricted to 7 to 7.30 a.m., 12 to 1.30 noon, and 5 to 9.30 p.m. No beer or spirituous liquors of any kind will be permitted, even in the officers' mess, canteens or other regimental institution.

Another feature to be introduced into the camp will be a portable steam engine, which was secured by the Queen's Own while in England. Lt.-Col. Rennie will command the Queen's Own; Lt.-Col. Gooderham the Grenadiers, and Lt.-Col. Hendrie the Highlanders.

Tales of Scandal Spread Concerning Belgian King

BRUSSELS, May 20.—(Can. Press).—A semi-official communication dealing with false reports as to the private life of the royal family was issued to-day in the following terms:

"Since a recent garden party held at Laeken, calumnious reports have been put in circulation concerning the private life of the royal family. It was even declared that on the day of the garden party the queen of the Belgians surprised King Albert in the company of a chambermaid, and that the queen shot the woman dead with a revolver. "King Albert had no knowledge of these reports, although for several days military officers attached to the court had learned of them by telephone calls, both from Belgium and abroad. After consultation, it was decided to inform the king of the report. His majesty

was astonished and very indignant. He decided to prosecute the authors of the reports and all persons repeating them.

Trailing the Serpent

"The newspaper Le Peuple understands that three persons, whose names are not given, are being proceeded against for circulating the signatures, which takes three forms. According to the first, the queen surprised the king in company of a chambermaid, and killed the latter. According to the second, the queen fired upon the king, while the third report makes it appear as if the queen merely threatened the lady of the chamber."

The incident has produced a profound sensation here, and public opinion is greatly wrought up over the slanders and their authors.

AN UNINTERRUPTED DOWNPOUR



PARTY WITH UMBRELLA: Looks like I'd have to open it again.

HALIFAX TORIES NOT CONTENTED

Political Plum Crop Not Up to Expectations, and Complaint is Made to the Premier.

HALIFAX, May 20.—(Can. Press).—The Conservatives of the constituency of Halifax are not satisfied with the administration of federal patronage. The feeling assumed concrete form to-night when a gathering of over 400 accredited representatives of the party met and passed a resolution.

This resolution is addressed to Right Hon. R. L. Borden and expresses strong dissatisfaction with the patronage committee of Halifax, which consists of five members. The resolution further asks that the patronage committee be dissolved and that the old system be returned to—that is, that the patronage be left in the hands of the government man for the county and his defeated colleague.

ARTHUR STRINGER DENIES HE'S DEAD

Sensational Report of Fatal Accident Just Mere Myth—Novelist at Cedar Springs.

ELENEHEIM, May 20.—(Special).—Like the late Samuel Clemens, Arthur Stringer, Canadian novelist and poet, can state that the report of his death, sent out from Niagara Falls this afternoon, is very much exaggerated.

Mr. Stringer with his wife, formerly known on the stage as Jocelyn Rowland, and two months old child, are at their pretty summer home near Cedar Springs, Kent County. He is unable to explain the origin of the dispatch which stated that he had been killed and his wife and child fatally hurt in the explosion of an oil stove in their home. To-night Mr. and Mrs. Stringer spent a social evening with a neighbor, Miss Douglas, and the novelist averred that he was in excellent health.

On Sunday a Niagara Falls despatch told of the death of Carl Stockton and the serious injury of his wife and child in an oil stove explosion. The report of Mr. Stringer's death appears to have sprung from this in a special wire sent to a New York evening paper.

Imperial Parliament Soon

LONDON, May 20.—(Can. Press).—Arthur J. Balfour, the former premier, speaking to-day at the annual meeting of the Victoria League of the Empire, said he believed that at no distant date a scheme for an imperial parliament would be matured, by which Great Britain and her self-governing colonies would be united into one.

The whole trend of events, he said, was to bring closer the widely-scattered parts of the empire. He was a profound believer in the truth that local patriotism properly understood was no obstacle to a larger patriotism.

SIR DONALD MANN BACK FROM EUROPE

Sir Donald Mann, vice-president of the Canadian Northern Railway, who has been in the old country for the last couple of weeks, arrived in Toronto Sunday evening from New York, where he landed from the Mauretania on Saturday. Sir Donald says that the mention of his name in connection with the presidency of the Grand Trunk Railway system is pure nonsense.

He said: "I am connected with a competing line as vice-president, and it would be absurd to think that Mr. Smithers or his colleagues would consider me for the presidency of their system. Besides, I have enough work on hand in connection with my own company to occupy my entire time. We have commenced work on the Mount Royal tunnel into the centre of Montreal. This work will occupy about two years before its completion. We are also engaged in extending our line about 1700 miles into Vancouver, which will give direct communication between Quebec and Montreal and Vancouver. This work will occupy several years but it will be ultimately pushed forward until completion."

Speaking of conditions as he found them in England, Sir Donald said: "I think that there is a large quantity of undigested securities in London, notwithstanding cheap and plentiful money. Business is generally good. The Titanic disaster cast a pall over the country for a time, following so closely upon the recent strike in the coal mine region. The ill-effects of these untoward events seem to be rapidly passing away and commerce and manufacturing are going on at a great rate. The home rule bill is not interfering in any measure with the business of the country."

DON IN FLOOD LOG BOOM LOST

Heavy Rain Caused River to Rise Several Feet, and Damage May Be Heavy.

The usually mild and placid Don, swollen with pride by the recent rain, went on a rampageous joy-ride down the valley last night, touching the high spots of its winter break-up in its wild career. The water rose several feet yesterday evening and was still rising at midnight. If the rain continues the whole valley will be flooded. Donites have to hark back to May of '92 for anything like this early summer flood.

About 5 o'clock last night a log boom belonging to the Rosedale sawmill broke, releasing about 400 logs, valued at \$500. The logs were immediately carried away by the rushing water, and although a few of them may be recovered, the majority of them will float out into Ashbridge's Bay and become a total loss.

A jerking timber boom and a swaying bridge is all that is holding in leash one thousand other logs belonging to the saw-mill, and staying them from careening down the valley carrying great property destruction with them on their way to Ashbridge's Bay. Most of the logs were only loaded off the cars on to the runways yesterday afternoon, the employees not thinking the Don dangerous then.

A pile driver and scow with which Joseph Russell is fixing the Bayview avenue bridge are also in a perilous position. Both will be wrecked if the flood pulls them loose from their moorings. The C.N.R. and G.T.R. tracks are in danger of a washout.

AGED FARMER SHOT TORMENTOR

BRANTFORD, May 20.—(Can. Press).—A shooting case just outside of Brantford was investigated yesterday by County Constable Kerr. Private Catton, a member of the 25th Dragoons, was shot on Saturday by an old man named Splatt.

Catton, it is explained, teased the old man to the point of anger, and the latter rushed into the house for his rifle. The bullet lodged in Catton's shoulder. Doctors yesterday were unable to extract the bullet. Splatt went to Burford Village and gave himself up, but he is not under arrest.

CONSERVATIVE ELECTED IN PONTIAC

OTTAWA, May 20.—(Can. Press).—The official figures in Pontiac County election are: Campbell, Conservative, 1635; Gaboury, Liberal, 1590. The Liberal candidate had said he was elected.

PRINCE KILLED ON HIS WAY TO FUNERAL

Automobile Containing Eldest Son of Duke of Cumberland and Chamberlain Plunged Into Ditch While Speeding to Hamburg—Father Head of House of Guelphs.

FRIESACK, Prussia, May 20.—(Can. Press).—Prince George William, the eldest son of the Duke of Cumberland and his chamberlain, Von Greve, were instantly killed in an automobile accident on the highway near here this evening. They left Berlin early in the afternoon, intending to proceed to Copenhagen by way of Hamburg to attend the funeral of the prince's uncle, the late King Frederick VIII.

The prince, who was at the steering wheel, probably failed to observe the signs of warning that the highway was being repaired, and drove the machine at full speed into a part of the roadway which was being macadamized. He lost control, the machine being ditched and turned on its end. The prince's head was crushed. Chamberlain von Greve's neck was broken. The chauffeur, who was inside the automobile, suffered from a broken arm.

Prince George William was born in 1880. His father, Duke Ernest August, Duke of Cumberland and Duke of Brunswick and Lunenbourg, is head of the house of the Guelphs.

ALAS, THE G.O.P. IF T.R. HAS WAY

"The Bolter" is New Brand Taft Places on Him—Day of Fate in Ohio.

DAYTON, O., May 20.—(Can. Press).—President Taft's seven days of speech-making through Ohio came to an end here to-night with a final plea to Republicans of his own state to give him their support at to-morrow's primaries and to defeat Col. Theodore Roosevelt, whom Mr. Taft dubbed "the bolter."

Mr. Taft, appearing in every one of the dozen speeches he made for Republicans to consider Mr. Roosevelt's Cleveland speech where the president said, he prophesied a bolt. He continued to predict the wreck of the grand old party if Mr. Roosevelt does not change his attitude, and is not assured of the nomination by the Republican national convention.

Mr. Taft has made no predictions before any of the primaries in other states and he followed this rule to-day. His friends believe that he has made a noteworthy effort to win Ohio and many of them were confident that the result of the trip will be evident at the polls to-morrow.

Mr. Taft has traveled almost 3000 miles and has spent six entire days on his private car and one day in Cleveland. The trip has been as trying upon the president as any he has ever undertaken. Mr. Taft's only engagement to-morrow is one at the polls in Cincinnati and he expects to leave that city in the afternoon for Washington.

ONTARIO REPRESENTED

Sir James Whitney announced yesterday that the Ontario Government will be represented by counsel at the hearing of the marriage case in the supreme court in Ottawa next Monday. The name of the lawyer has not been learned.

Hate for the Races

On Thursday last the Dineen Company received the third shipment of hats this season from the old country. These hats are the newest and most exclusive blocks by the world's best makers, including special designs by Henry Heath, for whom Dineen is sole Canadian agent. Henry Heath is maker, by royal warrant, to His Majesty. If you require a new hat of the latest English design, we suggest that you pay the Dineen Company a visit.