

Customs Frauds.

Complaints have reached us, from time to time, of acts of gross partiality having been committed by the Department of Customs in disposing of cases of violation of the provisions of the Customs Act. We know of instances in which the importer of goods has been victimized, owing to mistakes with the commission of which he was in no way connected, but for which he was under the act held personally responsible, and required to pay the full pound of flesh, while others who flagrantly, wilfully, determinedly and repeatedly violated the law and defrauded the revenue, to the extent of hundreds of thousands of dollars, were allowed to condone the offences by the payment of a comparatively small fine, notwithstanding the fact that they were robbing the country and competing most advantageously for themselves with honest importers. One of the most flagrant of such cases has recently come under our notice. In the case referred to other importers had entertained suspicion, for several years past that fraudulent invoices were being used, but it was only some fifteen months ago that the customs authorities woke to the fact. We refer to the case of Ferrin Freres of Grenoble, France, London, England and Montreal, dealers in kid gloves, a house which has been established in the Canadian market for some fifteen years. The importations of this firm have averaged during the last three years \$200,000 a year, as shown by their own undervalued invoices. Complaints of their competitors were made to the customs authorities for many months previous to any action by the latter. When the customs acted in the matter, goods entered for duty were detained, but on the representations of the firm's counsel, Donald MacMaster, Q.C., they were liberated. Thereupon this highly respectable firm withdrew its name by winding up the business in this country, throwing the whole responsibility on the resident agent. At the same time, it may be noted, that as soon as the matter was finally disposed of, the firm resumed its business in Canada, and is now doing business under its own name as formerly. An investigation was instituted and N. Clarke Wallace, then Controller of Customs, evinced every determination to probe the matter to the bottom and protect the honest importer. Commissions were sent to New York, London and Grenoble to collect evidence, no expense being spared to find out the extent of the frauds. The result was that a statement was furnished by the Department amounting to \$248,000 as the amount for which the firm was liable under the provisions of the Customs Act. This will furnish some idea of the extent to which the frauds were carried on, the statement referred to covering only three years, the time to which the Act limits the action of the Customs authorities. The amount out of which the Government was defrauded in preceding years, and that it was defrauded there can be no doubt, may be imagined. So far the action of the Government was creditable, and had the provisions of the Customs Act in seeking to punish fraud, and at the same time protect the honest importer, been enforced as they should have been, the Government would have gone out of office with some claim upon the importer for impartiality. But notwithstanding the flagrancy of the case, the serious frauds which had been perpetrated and the immense expense incurred in obtaining information, that Government saw fit shortly before the elections to condone the offence which involved perjury as well as fraud, by compromising the matter for \$10,000. When the commission of frauds upon the revenue is thus encouraged and made profitable to the offender, it is not to be wondered at that

houses able to secure influence should treat the Act with contempt. We can thoroughly understand the indignation felt by the honest importers at the result referred to, and we sympathize with them in having to compete at such disadvantages with firms protected by a Government in their misdeeds. We trust that this matter will not be allowed to rest here, but that Parliament will exercise its prerogative and make a most searching enquiry into the whole transaction. There must be an end to compromises in cases which admit of no doubt and of this the country should be assured.—Montreal Shareholder.

"Future" Trading in Wheat.

The Minneapolis Northwestern Miller is one of the journals which believes that gambling in products, otherwise known as option trading, works injury to business. The Miller concludes an article on this subject as follows:

"Men who think and reason and who have something still left to protect against the option fiend are beginning to admit their mistake and are coming to believe with the Northwestern Miller and the advocates of reform, that future trading in wheat is the chief cause of the trader's confusion—the ruin of legitimate business. The banks have learned their lesson and paid for it dearly. As the preceding wave of financial ease went out, it uncovered, one by one, the enterprises which had erstwhile flattered gaily on the sea of commerce and showed the holes in their construction. As they foundered the banker ruefully observed that wheat speculation, the privilege of which he had meekly defended with all the strength of his influence and power, was responsible for the leaks. Of all the flour mill failures which have occurred since 1893, scarcely one but can be traced, for the cause of its downfall, to the privilege of the option market. The bankers were misled into supporting that which, had they really known it, was the most frequent and potent cause of failure and loss in existence, and, therefore, their worst enemy. The banks which have survived will scarcely object to an anti-option bill to-day. The millers have seen their industry made the sport of Chicago wheat gambler, and they have learned their lesson. The wheat men have seen their profits dwindle under the present system, and they do not defend it very vigorously. The flour factory, at home and abroad, if he has reasoned wisely, knows now what has killed his trade. The commercial press knows no more now than it did before, and the daily press is in the same condition. In Germany laws have been passed which deal a body blow to future trading. Similar laws are contemplated in England, but owing to the conservatism of trade, they will probably be opposed, even as they were opposed here."

London Wool Sales.

The recent series of wool sales at London, England, closed on July 21. A review of the market shows that it opened with some spirit and then quieted somewhat. Merinos became irregular and prices gradually declined. Grossy cross-breeds were in keen demand throughout the series. Sales were easily effected at full May prices. Towards the close the demand remained good, a hardening in prices became manifest and have since shown an advance for superior grades of nearly five per cent. There was an irregular increase from four to five per cent. for other descriptions. Scoured cross-breeds were in no such favor. They opened flat and continued so for a few days. Towards the close a better feeling was prominent which prevented a further decline. They closed at five per cent. decline. Cape of Good Hope and Natal wools closed the same as in May.

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