FAILURE OF A. E. AMES & CO.

A wire from Toronto on June 2 said A. E. Ames & Co., private bankers and brokers, have suspended payment. They are generally credited with large holdings of Dominion Steel Common, purchased over 70, now selling at 15, and of Sloss, Sheffield, and other industrial stocks, purchased on their advice by clients, who have not been able to carry them. The members of the firm are: A. E. Ames, H. R. Tudhope, E. G. Frazer and A. E. Wallace. The last named, it is reported, may have withdrawn from the firm recently. Mr. Ames was president of the board of trade last year, and is a son-in-law of Geo. Cox. Ames & Co. had been in a precarious position, it had been rumored, for some time, and these rumors have led to the withdrawal of large deposits from the firm. Twin City, which advanced to 128, and is now selling at 92, was another favorite holding of Ames' clients. It is impossible to estimate the amounts involved. What the failure of A. E. Ames & Co. means to this city, it is not yet possible to say. The senior member was interested in a great many enterprises, and whether they will all weather the storm is questioned. Rumors affecting the standing of the firm have been circulating for three months past and that fact, it is thought, may have given the opportunity for some preparation on the part of institutions referred to, to meet the shock. The liabilities of the firm will reach up into the millions, but no reliable estimate can at present be made, and as yet no statement has been made.

The firm consisted of A. E. Ames, H. R. Tudhope, E. D. Fraser and A. E. Wallace, of St. Thomas, the latter being admitted into partnership only a short time ago. It is said on the street, however, that Wallace had recently withdrawn from the firm with a loss of some $360,000. Tudhope's personal loss is said to be $125,000. As their securities were pledged with financial institutions in both Ontario and Quebec, it is impossible yet to show who will be affected by the failure. The statement is made to-night that the Bank of Montreal will take charge of all Twin City stock held by the defunct firm and that strong financial interests will stand behind Ames & Co. till the market rallies and the securities which the firm hold are again placed on reasonable basis.

Ames & Co. were heavily interested in a number of Canadian and American industrial issues which have been steadily pounded by outside interests and which have as steadily declined. The break in the coal and steel stocks has been one of the principal factors. Ames & Co. are said to have held Dominion Coal around 140, which yesterday sold down to 80. Dominion Iron and Steel pfd., they secured at 75 to 80. It sold yesterday at 48. Steel bonds, at one time sold at 95, are now 69, and steel common, which sold at 78, is now 14. The Sloss Sheffield Southern Steel company, in which Toronto investors are largely interested and which was held by Ames & Co., sold up to 82½, but is now at 42, Twin City which Ames & Co. were largely instrumental in introducing to Canadian investors, sold up to 128 but could be secured this morning at 87.

Canadian Pacific, another popular Canadian stock, reached 143 in boom times and is now quoted at 117 1-2. These were leading Canadian stocks in which this firm were most largely interested, but they were carrying large blocks of American stocks which have shared in the general decline.

Savings Bank Liabilities.

The firm did a large private banking business and the uneasiness in the stock markets and the reports some months ago of their financial difficulties led to the withdrawal of considerable sums. This tended to cripple the firm at a most inopportune time. The liabilities to depositors in the savings bank branch of the business are estimated at $700,000. When suspension was announced this morning there was the greatest excitement on the street and on the stock exchange. Around the door of the firm, on which was pasted a slip of paper telling of the suspension, curious crowds gathered and commented on the notice. The rumor at once connected other firms and institutions with the Ames' suspension and naturally the Metropolitan bank, which Ames had organized and of which he was president, became the subject of discussion. In the bank itself at noon there was an excited crowd gathered, all anxious to see Manager Baillie, but there was no appearance of a run. To one gentleman who spoke to him, Mr. Baillie said that among those on the inside the troubles of Ames & Co. had been known for the past four months and that all financial institutions involved had taken care to protect themselves.

So far as the Metropolitan bank was concerned Mr. Baillie stated to this gentleman there was one million dollars in gold in the vault, and the bank, therefore, was amply protected. It was said that the bullion was sent to outside branches in case there should be any trouble there. The bank is therefore in a strong position. The Metropolitan bank started business on Nov. 17, 1902, with a capital of $1,000,000, which was issued at $200 per $100 shares, which gave a reserve of $1,000,000. The capital stock was fully paid up before the end of December. The original board were A. E. Ames, president; Rev. R. H. Warden, D. D., vice-president; Chester D. Massey, S. J. Moore, Thos. Bradshaw, F. I. A. The directors of the Metropolitan bank held a meeting this morning, at which A. E. Ames resigned as president and Rev. Dr. Warden, general agent of the Presbyterian church, was elected to succeed him.

Mr. B. E. Walker, general manager of the Canadian Bank of Commerce, expressed his sympathy with any losses which clients of the firm might suffer, but added that there was one good feature in the situation, namely, that it would put an end to a period of speculation of unnatural proportions. Asked as to the relations of the firm with the Bank of Commerce, Mr. Walker replied that "the relations of the firm with the bank have not been at all intimate for many months past. Mr. Ames has kept his cash account here, but his loans have been quite small for some months and are now much less than a quarter of a million, against which we have securities which are not all affected by the market. The biggest part of his stocks which caused the trouble are not Canadian at all, but American, and if it should be necessary to throw them on the market they would be sold out of the country and not here. That is the factor of the most import at the present time. Then again it will be found that banks which did lend the firm money were margined away down below even the present low level. While, of course, we all regret any loss of our clients, it is certain that no large interests will suffer.

The local stock market was demoralized by the news. Nearly every stock on the list showed the effect of the failure. The stock exchange clearing house held a session at noon and decided to wipe out all transactions made on the exchange to-day by Ames & Co.

Mr. Ames' Rapid Rise.

Mr. A. E. Ames, head of the firm, was considered one of the most prominent financiers in the Dominion. His prominence has been very rapid in the past few years and his transactions were of a very extensive character. He is interested in a number of financial institutions in Toronto, was president of the Metropolitan bank and a director of the Robert Simpson Co. He entered into the banking business in 1881 in the Owen Sound branch of the Merchants bank, and was afterwards connected with the Imperial bank. He opened a banking and brokerage business in Toronto in 1899. Mr. Ames was president of the Toronto stock exchange in 1897 and 1898, and has been president of the board of trade, first vice-president of the Imperial Life Assurance company, and a director of the Twin City Rapid Transit company. He is regent of the Victoria university. He is married to a daughter of Senator George A. Cox.

Montreal, June 2.—The failure of Ames & Co. caused a panic on the Montreal Stock Exchange this morning when some of the Canadian favorites descended to almost unheard of prices. Early in the day it was described as a professional Wall Street attack. As the market fell Canadian interests were forced to liquidate hundreds of shares at forced selling, which helped along the decline.

At 11:45 the Ames failure was announced. It precipitated a panic and caused a sensation. It was a "black eye" to the market and stocks went tumbling further. The principal stocks affected by the failure were Twin City, which dropped seventeen points; Rapid Transit, Dominion Coal and Canadian Pacific. Ever since Twin City was brought into the Canadian market Ames & Co. had been the leading sponsors; and in Dominion Coal they were known to be interested very intimately with the Hon. Senator George A. Cox, who was known to have very extensive holdings of that issue.

The panic is termed a "rich man's slump." Only the big dealers are now in the Montreal market. In the past few weeks about all the small buyers, or what are known as the public, were wiped out. Hundreds have been ruined during the depression. In the afternoon the market breathed easier at the end of the strenuous day. C. P. R. recovered from 117 3-4 to 121 1-4; Twin City rallied 4 1-2 points; Dominion Coal from 73 1-2 to 79 1-2 and Dominion Steel from 12 to 15 1-2.

Senator Forget and other leading Montreal financiers think to-day's panic will give the atmosphere a needed clearing.

PORT ARTHUR BOARD OF TRADE.

Port Arthur, May 28.—The annual meeting of the board of trade was held last evening and officers for the current year were elected. The newly elected officers are: President, T. L. Matthews; vice president, W. H. Nelson; secretary, H. A. McKibbin. Mr. R. Vigars, who served in the capacity of president last year, positively refused to accept another term.

The board will take up with the Canadian Northern railway the question of freight rates and will endeavor to avert the closing down of the Tip-Top copper mine. It is stated that the railway company, in quoting a through rate from the mine to Omaha, charges the company $3.50 per ton from the mine to Port Arthur, a distance of 65 miles. The rate from Port Arthur to Omaha is $4.25 per ton. Mr. T. R. Jones, manager of the Tip-Top mine, says that rather than pay the exorbitant rate the mine will be closed down. One member of the board suggested that as the government had control of the rates, representation should be made in that quarter for redress. But it was decided that the railway company would see that it was to their own interests to bring the rate within a fair basis, and so Mr. James will be consulted in the matter.

Another question which the board discussed was the mail service on the C. N. R. At the present time all mail matters for points on the railway have to go around by Winnipeg from Port Arthur and Fort William, and letters addressed to these towns have to travel the same round about course. This most unsatisfactory arrangement works to the detriment of business houses here and tends to build up the trade of Winnipeg, as a man requiring goods anywhere along the line has to wait for his order to go hundreds of miles around, he will naturally deal with the place from which he can get quickest service. The postmaster general several months ago promised redress, but up to the present it has not been given. The probability is that the postmaster general has been waiting for the establishment of a regular passenger service on the road before finally establishing a definite mail service.

INTERIOR VIEW OF COLCLEUGH & CO.'S DRUG STORE, WINNIPEG.