

"THE RIGHT BOWER."

IT will be remembered that the principal excuse which the Directors of the Dominion Telegraph Company, urged for giving Mr. Seela Reeve a contract at twice the usual price for the construction of their line, was the exceeding value of the United States connections which he had secured for them. Subsequently, when, through our representations, Mr. Reeve's fraudulent operations were exposed, the directors reluctantly got rid of him, they paid him a large sum in excess of his expenditure, on the ground that these connections were retained and secured to the Dominion Company. It was natural therefore to infer, that the Directors who urged upon the public the value of these connections had made some enquiries in relation to them, and although we constantly warned them they should be on their guard against anything in which Mr. Reeve and his confederate Mr. Josiah Snow had a hand, there were numbers who really did believe that some value was attached to these connections, and were induced to take stock in the new company in consequence. Just how far the Directors of the Dominion Company did examine into these matters, and just how unworthy the whole concern was from beginning to end, may be judged from the following proceedings in the Circuit Court in Chicago, in November last, which we extract from the Chicago Tribune of the 21st ult. The Great Western Telegraph Company against which the proceedings were taken, it will be remembered, was the company which the Dominion Directors, in their first prospectuses, termed their "Right Bower," indicating thereby the great value they placed upon it as a connecting line:—

"A bill was filed in the Circuit Court, yesterday, relating to the telegraphic interest of this city. The bill is Jeremiah Terwilliger vs. The Great Western Telegraph Company et al.

"That on the 11th of May, 1868, complainant subscribed for one hundred shares of the stock of the company, for which he was then to pay \$25 per share, or twenty-five per cent of the par value of each, the subscription being made upon a list with a printed heading, which specified an agreement to pay five per cent of the sum subscribed, the balance being due upon call of the Directors from time to time, provided that when forty per cent of the par value of each share should be paid in, and the receipts for the percentage surrendered, certificates of stock should issue, as of stock paid up. Of any other conditions than these, complainant says he was ignorant.

"Complainant says that the shareholders had never met to elect Directors or for any other purpose but that the parties specially named have acted in that behalf, but, perhaps, without authority, as is claimed by an election among themselves, when Mr. Gage was made President, Mr. Snow Secretary, and Mr. Reeve Treasurer. Subsequently Mr. Reeve resigned, and his associates assigned all the stock of the company to him, it being by the assignment agreed that he (Reeve) should build the lines of the company at the rate of \$300 per mile, with one wire, and at the rate of \$100 per mile for each additional wire, with liberty in him to sell the stock, and from the proceeds pay himself for the expense of his labor, and reimburse himself for his outlay.

"Under this agreement the stock was transferred, Reeve giving no security that he would fulfil his contract, he being (it is stated) wholly irresponsible, whereupon he went to Canada, commenced the erection of telegraph wires, being there until the 1st inst.

"It is charged that the contract was made for the purpose of bringing the capital stock into the hands of the defendants named, that they might thus defraud the stockholders, and that the company was organized as a fraud upon the public.

"In aid of the proposed fraud, it is averred that, after subscriptions were made, the headings or conditions thereof were altered.

"There is an allegation that 40 per cent. of the capital stock (\$300,000) would be sufficient to establish the lines of the company, and that it was and is only the intention to call in from thirty to thirty-five cents on the dollar subscribed, and then to refuse to issue any certificate until the sum of 40 per cent., covenanted for, should be paid up, wherefore, as it was not wanted, the company would not be bound to issue. It is also suggested that Gage, Snow and Reeve claim that there is no right to pay the 40 per cent until it is called for by the Directors, wherefore, if there be no such call, there cannot be an issue of stock. By reason of which subscribers will be defrauded.

"It is charged that firm assessments already made, about a quarter of a million dollars have been received, the same being paid over to Snow as the agent of Reeve, and as the builder of a portion of the line of the company.

"It is further alleged that the contract is illegal; that the actual cost of building the first line is only \$70, instead of \$300; and only \$32, instead \$100, for each additional wire

"There is a further averment that the Directors have met only once, and then at the instance of subscribers Charles H. Beckwith and C. B. Farwell, who had become dissatisfied with the conduct of affairs. They demanded an investigation, and to avoid trouble, these received in some way the transfer to each of 100 shares of stock without consideration other than their silence.

"It is charged that the so-called Directors have never paid anything on their stock, and that, al-

though the company was formed in December, 1867, there has never been a report of its business transactions, but to the contrary, there has been a total concealment of its condition, although there have been highly colored handbills circulated, in which it was stated that these were Directors: Elisha S. Wadsworth, Nathan Mears, C. B. Farwell, J. C. Haines, Samuel Hall, J. Lombard, B. F. Culver, F. B. Gardner, David Krigh, N. K. Fairbank, George W. Gray, and A. F. Dwight, who are stated never to have been elected, the averment being that, because of their standing and wealth, their names have been used to inspire a false confidence on the part of unsuspecting capitalists in the company. These, or other handbills, it is alleged, gave a list of a number of points to and from which lines ran, and this, it is said, when, in point of fact, the line is only erected from Chicago to Milwaukee and Rock Island. In the business of which, however, it is alleged a profit of 18 per cent. was made, if a circular issued is to be believed.

"Complainant says that he paid \$600 on his stock, whereupon he demanded a certificate, which was refused to be given to him. Thereupon he offered to pay up the full 40 per cent., which was refused to be received, except as the Directors should call for it.

"The prayer is for a full disclosure as to the condition of the company as well as that the contract with Reeve may be declared fraudulent and void; that the Directors may account, and that certificates may be compelled to be issued to him."

The above extract most conclusively proves the close intimacy which existed between Snow and Reeve which we alleged, and which was the principal cause that first awoke suspicion that the Dominion project was a swindle in its inception; and yet in the face of the above revelations, the Toronto Board of Directors actually authorized the following:—

"The TRADE REVIEW roundly asserts that the Dominion Company is simply a second edition of an alleged old swindle, the Grand Trunk Telegraph Company of sixteen years ago, and that the same prominent actor Mr. Snow, is again at work behind the scenes. We, the Toron'o Board, have stated, and repeat the statement, that we are not even aware of the existence of such a personage. It is hinted that Mr. Reeve is a relative of his, of that fact if it be one, we are ignorant."

We shall take a future occasion to refer to "the Left Bower," or the Atlantic and Pacific Telegraph Company, meantime we hope Mr. Cayley the President, and the Directors will take comfort from the above revelations respecting to their trump card. The public too will not fail to note that such connections as the Great Western Telegraph Company, will disgrace rather than benefit the Dominion Line, and it is for this connection so much is claimed, and so much has been paid.

BANKRUPT ESTATE MEETING.

WE OBSERVE in one of our Ontario exchanges some reflections upon the actions of some of the persons who lately attended at a Bankrupt Estate meeting. The meeting took place in one of the most enterprising of the larger villages of Ontario, and the immediate object was to appoint an Assignee, and order the affairs of the Estate generally. The total liabilities in the case were over \$50,000, and the assets were stated at about \$40,000, part of the indebtedness being local. When the meeting came off, one Toronto gentleman produced Powers-of-Attorney for a large number of firms, and with one or two others from a distance, is charged with ignoring the other creditors altogether—in fact, everything is said to have been cut and dried before-hand, and was pushed through in a manner more rapid than polite. The local Assignee was snuffed out, a Toronto gentleman appointed to that position, and the future meetings decided to be held in Toronto. These circumstances seem to have greatly annoyed the local creditors, and, consequently, the local press has seized the Toronto gentlemen "by the hair." We cannot see in the circumstances, however, anything to call for much animadversion. It may be that the "outsiders" were rather cavalier in the way they treated the other creditors, and they carried matters with a high hand, although we are not in a position to express an opinion on the point; but it was only natural, when one gentleman legally represented \$27,000 of the indebtedness, that he should take that course which he considered best for the firms for whom he acted. If it was thought more could be made out of the Estate by having the Assignee a resident of Toronto, we would have been surprised if any other course had been pursued. And it must be remembered, too, that if this is an advantage, it is one which will be shared in by all the creditors, the local ones not less than any others. In matters of this kind, the largest creditors must exercise most power over Bankrupt Estates, and they have really the best right to do so, for they have

the largest interest at stake in them. They may differ from the smaller creditors as to the best course to pursue to realize the largest dividends, but it is fortunate that, after all, their interests are identical—for as they share alike in proportion to their respective claims the more that can be made of the Estate, the more will each receive. Sometimes objectionable proceedings take place at Bankrupt Estate meetings, but we fail to perceive anything calling for animadversion in the case before us. We fancy if the local creditors had represented the \$27,000 instead of the Toronto gentleman (whoever he may be) they would have taken care to have managed matters in their way; but as the boot happened to be on the other leg in this instance, they had to give way. They can console themselves with the reflection, that the larger creditors are more interested than others in making the Estate turn out well, and that in any case they cannot get a larger proportion of the proceeds than the smallest creditor.

THE GOVERNMENT AND THE BANK OF MONTREAL.

A SHORT correspondence between the Finance Minister and the Treasurer of Ontario has been published. Ontario is to receive \$500,000 on January 1st, next, on subsidy account, but Sir Francis having the money on hand wished to pay it at the beginning of the present month, provided he could obtain a month's interest at 3 or 3½ per cent on the amount. The Government Bank will not take any more money at interest, and the arrangement with it prevents the Finance Minister from depositing public funds with any other Bank. Sir Francis, therefore, writes to Treasurer Wood, suggesting that the latter should take the money and deposit it with some of the Ontario Banks at interest. Mr. Wood, however, for some reason, unexplained by him further than that he cannot deposit at interest with the Bank of Montreal, declines to accede to the proposition. Pending further explanation, we cannot see the propriety of his refusal. It is stated that the publication of the correspondence has been through a breach of confidence somewhere, exactly where is not known. The most noteworthy part of the affair is the foreshadowing of an alteration in the arrangement between the Government and its Bank, or at least of a desire on the part of the Finance Minister to gain some advantage for the country from the present comparatively strong position of her finances, and to be freed from engagements found to be very hampering in their operation. We should be glad to see the Government make a division of its favours among all the Banks, and be perfectly independent of any single controlling institution.

FINANCES OF QUEBEC.

A GREAT deal of mystery is made to shroud the statement of the finances of the Province of Quebec. The facts apparent upon the face of the public accounts and Treasurer Robertson's speech are these, that during the financial year 1867-8 the Province drew from the Dominion \$918,420; in 1868-9, \$979,806; and in the half year ending the 31st instant \$479,626. He proposes to draw for the coming 18 months \$1,278,691 making for the four years \$3,661,538. The subsidy at 8 cents per head for the 1,111,566 of our population, according to the census, is.....\$889,252 80
Add specific payment..... 70,000 00

Total annual subsidy.....\$969,252 80

To this is to be added interest on the trust fund, falling to Quebec, which Mr Robertson estimates at \$1,278,191, and interest on this at 5 per cent.—that rate being allowed, we believe, on all the accounts—is \$68,909.

Four years of subsidy would give, therefore, \$3,837,011

Add four years of interest on trust funds.... 255,686

Gives a total of.....\$4,092,697

But there are deductions to be made from this. The surplus debt of Ontario and Quebec is now pretty well settled to be \$10,500,000, of which provisionally (i. e., pending the award of the arbitrators) four-ninths is charged against Quebec, or \$4,636,666. The annual interest on this is \$233,833. For four years it would be \$938,832. Deducting this sum from the four years' subsidy and interest on trust funds as above, we have \$3,158,815. This, according to the data furnished to the public is the revenue which the Province is entitled to receive from the Dominion from the 1st July, 1867, to 30th June, 1871. But we