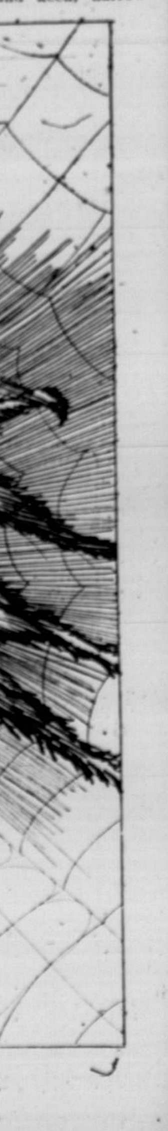

The Grain Growers Grain Company

An Explanation of the Notice of the Annual Meeting

The following letter is from J. G. Moffat, of Carroll, Man. The matter is of a most serious nature and the Grain Growers' Grain Company were asked to give a reply, which they have done. Both Mr. Moffat's letter and the reply of the Company are here published.

Mr. Moffat's Letter:

Editor of the Guide:—I am somewhat at a loss to understand the present action of the Grain Growers' Grain Company. Or perhaps we need some further explanation, other than what we have received in the notice calling the annual meeting. It is being circulated throughout this district that the directors of the G. G. G. Co. are moving to work the company into private interests and for that purpose wish to get control of the franchise.

We believe that The Guide is working in the farmers' interest; and will reveal to us any crookedness that may arise in this, as it has in regard to our beloved "Observer," if such there be.

In a conversation I had with our director of the G. G. G. Co., Mr. F. W. Kerr, over the telephone, he stated that while he was in Winnipeg some time ago, the company was negotiating with a rich American grain firm who wish to get control of the interests of the company. I have also heard it stated that Mr. Kerr would expose in the near future the actions of the company.

I am appealing to The Guide to give us any information they can in regard to the movements of the comapny, that we may intelligently discuss and think over the proposed change before coming to the annual meeting.

J. G. MOFFAT.

Carroll, Man., June 20, 1910.

The Company's Reply:

Editor of the Guide:—With respect to the foregoing letter, it would appear that the misunderstanding or fear which exists in the minds of some of our shareholders, arising from the notices sent out for the annual meeting, is due to the statement, that the shareholders would be asked to consider the advisability of changing the control of the Company's operations from a Provincial to a Dominion Charter. The foot-note to the notice of the annual meeting explains that this was the object of the change. The rapid growth of the Company's business compels it now to do business in practically every Province of the Dominion. A moment's thought should convince anyone, that working under a Provincial Charter, which, strictly speaking, enables it only to do business in Manitoba, handicaps the Company in the field of its wider operations. For instance, the Company cannot sue to recover moneys that might be owing to it in Provinces outside of Manitoba, unless it takes out registration in such provinces, which registration costs more, frequently, than the original incorporation.

It will be remembered that in the early stages of the organization of the Company, the intention of the promoters was to secure a Dominion Charter. Certain difficulties arose at the time which prevented their desires being carried out. In changing to a Dominion Charter now the Company is simply carrying out its original intention. The purpose is that the same regulations and by-laws will prevail under the Dominion Charter as prevails at present, making no change whatever in the manner of conducting the business, excepting that it will be done under a Dominion Charter, rather than under the present Provincial one. The Company's solicitors advise that the proper manner in which to effect it is to have a transfer from the Provincial Charter to a Dominion one in the manner set out.

Furthermore, if any uneasiness exists it should be thoroughly set at rest by the fact that such a transfer could only take place upon a vote of at least two-thirds of the shareholders present or represented at a meeting called for the purpose.

As regards the attitude of Mr. F. W. Kerr, this statement, "That when he was in Winnipeg some time ago the Company was negotiating with an American Grain Firm who wish to get control of the interests of the Company," is absolutely without foundation. No such statement was made to Mr. Kerr, or to anyone else, and there is not a vestige of truth in it. It is also interesting to learn that Mr. Kerr, "Will expose in the near future the actions of the Company." It is quite probable that Mr. Kerr may endeavour, as he as on other occasions, to misrepresent the Company. In this respect, Mr. Kerr is cordially invited to the Annual Meeting. In the best interests of the Company nothing is more to be desired than that he would, face to face with the management, make the statements that he makes behind their backs. Such statements as he is reported to have made can have the effect of not only injuring the Company, but attaching a stigma to the officers of it. If Mr. Kerr has not the courage to attend the Annual Meeting and repeat his statements, he can only be branded as a man lacking in both courage and courtesy.

GRAIN GROWERS' GRAIN COMPANY.

T. A. Crerar, President.

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eyes, seemed competent for subtleties of evasion, subterfuge, or concealment, sat on the edge of the table.

Only Herrick was restless; after a little while he rose and paced back and forth, with his hands in his pockets and his head lowered moodily. He was a slim, wiry, dark young man, well dressed even to a finical regard for small details; the pearl pin in his necktie was inserted at exactly the central spot, the corner of his silk handkerchief projected just the right distance from the pocket of his double-breasted coat. That he had force was shown by the firmness of chin and mouth; that its efficiency might be limited by too subtle a sensitiveness was possibly to be imagined. Among older men, he seemed, with a natural diffidence, not quite at ease and anything but aggressive; moreover he was just now a little agitated at the thought of again seeing Casper Dane. He had been stung by the curtness of Dane's talk with him over the telephone. "That you, Herrick?" Dane had said. "Remember there's an important Valdez meeting at eleven. Be on hand." He had rung off without another word, and it pricked through Herrick's sensitiveness now to find that he was the only one of the directors who had seemed to Dane in need of a special reminder—as if he alone were not to be depended on!

Tweed's voice, addressing him genially, broke in on his meditations.

"And how's the market to-day, Herrick? Strong, eh,—and maybe we'll give it an extra little fillip. That's a great business you're in—with your private signals and pass words and what not. More like play than business, I always think. What's your countersign on the floor, Herrick?"

"I'm afraid I don't quite understand," said the young man.

"Oh, yes, you do. Why, Vance, my broker, was telling me he has private signals on the Exchange—two fingers for this and three fingers for that—"

The door opened and Casper Dane entered. He took off his hat without a smile; a man built on a large scale, with the habit of genial expansiveness, and a face as naturally merry as it was shrewd, he had now not a smile of greeting for anyone. He shook hands with each of his fellow directors in grave silence, and although it was spring out doors and the morning sun was shining in at the windows, the room seemed smitten with a chill.

Dane took the chair at the head of the long table; Shinn and Tweed sat together on his right; Paul Herrick slipped into a chair on his right. Over by the door Welch, the lawyer, sat at his roll-top desk, which was open, and watched Dane with apprehensive eyes.

"Gentlemen, the chair will ask the meeting to come to order," Dane said. His voice was grave, deliberate and unemotional. "The circumstances are such that the chair will dispense with the usual formalities. You are waiting for my report on the Valdez Mine. Gentleman, there is no Valdez Mine."

The other four directors looked at him in stupefied silence.

"The property that we had thought so promising proves now quite valueless. In all my mining experience, I have never known of a parallel case. We have uncovered, as you know, a considerable quantity of ore; but, gentlemen, that ore which we have uncovered is absolutely all there is. Instead of striking a vein, we have struck what seems to be merely an isolated deposit. The money we have spent on development work has been thrown away. It would hardly pay us to transport the ore we have blocked out to a smelter—so remote as we are from a railroad. In short, our mine is worth literally nothing."

"But Mr. Dane," cried Paul Herrick, rising and pointing to the chart of the mine that hung on the wall, "how is it possible? Here is the main lobe—" He stepped up to the chart and with his finger traced the markings. As he did so, he talked rapidly, appealingly, stating what they all had believed—what was so at variance with Dane's astounding news.

Dane rose and stood behind him. "Yes," he said. "We thought so. But we were mistaken. I can only repeat that the case, so far as I know, is without a parallel." He went patiently into a technical explanation, describing the dwindling and failure of the ore. "The superintendent's report," he added, "covering the matter fully, is on the way. We made every possible exploration—and the superintendent will give you all the details. I hurried home to lay the matter before you."

"But—but you assured us, Dane!" cried Shinn with helpless pathos. His face had turned a dangerous purple, he stretched a gentlemanly, little, white hand along the table with entreaty towards Dane.

"I assured you," the chairman answered. "And I am chagrined—like the lawyer who loses his case or the doctor who loses his patient. No more than other men are mining engineers infallible."

"Chagrined! Good God!" exclaimed Tweed passionately. Then he stopped, the great vein in his forehead was swollen, and in his flushed face all the lines of age and care seemed to have tightened. He bent himself forward, clutching his hands together between his knees, thrusting his sleeves up from his bony wrists.

Welch, sitting at his desk, had penciled a line on a slip of paper, and now, while the others waited in stricken silence he unobtrusively pressed a bell. The door opened and the office boy appeared.

"Stop!" cried Dane in his big voice, leaping up; the violence of sudden anger swept over the gravity of his face. He sprang between Welch and the boy. "You are not wanted boy; that bell was a mistake," he said, and the boy, open-mouthed and frightened, withdrew.

Dane looked down at the lawyer.

"The chair rules that no one in this room shall hold communication with any one outside till after this meeting is adjourned," he stated emphatically. "That note in your hand, Mr. Welch, might be an order to sell stock; I should advise you to destroy it."

"You jump at conclusions," replied the lawyer flushing and pocketing the note. "I wonder if one so shrewd has not already profited by his advance information?"

Dane drew a packet of papers from his pocket and tossed it on Welch's desk. "I expected that question. You will find those are the certificates of my five thousand shares of Valdez stock."

"We have no assurance that your broker may not call for them to-morrow," sneered Welch.

Dane laughed tolerantly. "I will leave them with you, my dear sir, for safe-keeping. Come, gentlemen, come; we may not trust one another,—but we must make up our minds not to betray one another. Let us discuss the situation calmly."

He returned to his place at the head of the table. The two old men, Shinn and Tweed, with anxious faces were figuring now on the backs of envelopes; across from them Paul Herrick sat low in his chair with his arms folded and his eyes staring gloomily at the table before him.

"The thing for us to consider," said Dane, "is what now to do. Is it your pleasure, gentlemen, that we should at once publish a failure of the mine?"

Tweed threw up both hands in a gesture of despair and imploring dissent.

"And the stock selling to-day at forty-five!" groaned Shinn. "Selling now, at this moment at forty-five!"

Welch sat at his desk fingering Dane's certificates of stock. The flush had left his face; of the four men who had heard the announcement he seemed to have most thoroughly recovered himself. He began to speak now, with the persuasive art of the lawyer, who had won some reputation through his cleverness in refining upon the truth and investing a specious argument with plausibility.

"We seem, gentlemen," he said, "to be suddenly confronted by a moral issue. In such a turn of fortune as this, the first impulse is to blame someone; we can't bear so great a shock without indignation. But here, on cooler second thoughts, it appears that no one is to blame. We must not indulge in recriminations. We must charge our misfortune to the limits and imperfections of human knowledge, and not to the fault of any individual. As I say, we seem to be confronted by a moral issue, and we must determine where our duty lies. Is it our duty to come out flat-footed and announce what we have learned? That seems the simplest and frankest course. But is it necessarily the right and wise course?"

He paused for answer or suggestion, but no one spoke. Tweed sat in an attitude of utter dejection, with his head resting on his hand, seeming not to hear or notice anything. Shinn's expression was almost as listless, and Herrick seemed absorbed in his own thoughts. Only Casper Dane sat upright,—massive, alert, and to him Welch mainly addressed his appeal.

"We must consider," the lawyer said, "whether anything is to be gained by a proceeding of utter frankness. Will it advantage in any way the interests of our stockholders? I cannot see that it will,—for the moment we make our announcement, we reduce the value of their stock to zero. Will it be treating them with unfairness if we—if we hold back the information for some days—during which, perhaps, the stock gradually declines? Not at all; rather the reverse, since we shall then be giving them an opportunity to escape with something less than total loss—if they decide to sell. Have we not a duty to ourselves—provided it does not conflict with our duty to our stockholders? Are we under any obligation to protect the general public—at our own expense and to our detriment? I should like to hear some discussion of these points. I confess that to me this moral issue seems somewhat complicated. It is so easy, in wishing to do the right thing, to do merely the quixotic thing."

Tweed turned in his chair and flung out both arms on the table. Then interlocking his fingers and pressing them together till the knuckles turned white, he spoke in a halting, faltering voice. "This—this finds me in pretty bad shape. It's been a poor year in my business—and we've been running behind—nobody knows it—but we've been running behind for three years. And now I thought I saw my chance—and I've been buying Valdez—and buying it—and buying it—sure my profit would carry me—make up my loss. I've bought it on margins—from as low as sixteen—all the way up to forty. And next month my notes come due—and—and—I'm ruined! Not a penny in the the world!"

"Have we a duty to ourselves—and to one another?" repeated Welch in a low voice.

"It's hard luck, old man," said Shinn, laying a hand on Tweed's arm. "I'm not in as bad a box as you, I guess—but you'll pull through. If I weather this thing myself—maybe I can give you a hand."

"Thanks," murmured Tweed. "Thanks." His head sank forward, and he recovered himself with an effort. He

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