# BROKER AND LAWYER

The Toronto broker, G. C. B., replies to Mr. M. L. Hayward's reply to his criticisms. Even if you have not read previous correspondence on the subject, you will understand this.

Editor, Canadian Courier:

In your issue of October 6th, Mr. M. L. Hayward objects to my comments on the decision of the Supreme Court of Canada in Conmee vs. The Security Holding Co. In my letter to him I called it "rotten law." He regards it "with veneration." He says I declared the Supreme Court wrong. No such thing. No, sir, I fear a charge of contempt of court. I called it law, but qualified as "rotten."

Let us illustrate the decision. Suppose two men, A and B, come to me as broker and each orders me to buy for him ten shares of C. P. R. at 150, each paying the brokerage fee and $200 on account of cost, telling me to borrow the balance. I buy twenty shares for $3,000, charging A's account with $1,500 and B's account with $1,500 and crediting each with $200 paid, leaving each owing me $1,300. Then I take the twenty shares to a bank and borrow $2,500, leaving them as collateral security.

The Supreme Court decided that by such action I had converted A's and B's stock to my own use and could collect nothing more from either. The court reached this startling view through the idea that, each share being liable for the whole loan, I had pledged A's ten shares for $2,500, and also B's ten shares for $2,500, that I had pledged either's ten shares for more than was owed me by either, and in that way had converted either's ten shares to my own use. The Supreme Court said I should have pledged them separately for separate loans.

Now, perhaps neither the Supreme Court nor Mr. Hayward ever have had to borrow money from a bank. Apparently not on stocks any way. If they had they would know that the banking practice is to group all the collateral received as security for all the advances made to a broker. The broker can't do business the way the decision directs. The banker has the money and he fixes his own terms for lending. The court decided that the then current practice "converted" clients' securities, that the honest broker was in effect a thief, for conversion is theft. Isn't that "rotten"?

The Supreme Court was looking back fifty years instead of looking at current practice of honest men. It was holding some musty decision "in veneration." Because its decision is the law, every broker who wishes to conduct his business with safety is compelled to have an agreement between himself and client declaring that their relations shall be different from what that law declares them to be. Law should be aimed to make the work of life less cumbersome, not more so.

The postscript of my first letter said that under that law no speculator could lose. Mr. Hayward's reply is that "the headnote of the case shows that the case decided nothing of the sort." The broker doesn't care what the headnote says: only the legal mind values it, for the judgment was executed, not in the headnote, but in the broker's office where the unfortunate broker made up the client's loss. Facts are stronger than are headnotes, when it comes to paying.

The trouble with Mr. Hayward's views is that he "venerates" the decision and relies on the headnote as final, whereas the final event was "payment." He has the legal view which H. G. Wells so justly condemns in "What is Coming?" An impractical law has been laid down and it can be read in legal journals. But Mr. Hayward used the columns of the Courier to tell us about it. I claim that is an abuse (or misuse) of the Courier's columns, which would be better employed in an agitation to amend rotten law. The community expects some public service from the legal profession. Any law that makes the innocent suffer with the guilty is an injustice, and the legal profession might be better employed in removing this injustice than in holding it "in veneration." Even the lower courts, in the two other cases mentioned, took great pains to avoid applying the "rotten" law because of its evident injustice.

G. C. B.

Toronto, Oct. 7th, 1917.

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## Fake and Bogus Exit

THERE'S a vast difference between negotiating Canadian peace loans abroad and floating Canadian war loans at home. But when you come to think of it, the latter is much more natural to this country. In peace times a country like this can't produce money wealth fast enough to keep up with the needs of development. Big corporations and municipalities have to get money faster than they can raise it by profits and taxes. That means, borrowing abroad. And Canada has been a great borrower. We never dreamed of borrowing from ourselves. We didn't seem to have the money—though a pile of it went into all sorts of fake and bogus propositions; and that's not hard to remember.

Now Fake and Bogus are out of business, and the Real Thing comes along. The real thing is the fact that the people of Canada, instead of borrowing money abroad, have been getting money, big money, as a result of war industries. Hundreds of millions of dollars have come into Canada as the earnings of labour and industrial machinery. That's better than borrowing.

The other part of the real thing is that the British Government, through the Canadian Government, would like to borrow back a part of the money paid into Canadian pockets. The borrowing back comes in the shape of a new war loan. Canadian Victory Bonds take the place of ordinary bonds, or debentures — or stocks. These bonds are the Government's pledge to pay back at such and so a time, the money represented in the face value, with interest. And the Government's promise to pay is backed by the entire credit of the country in resources and organizations.

We call it a loan—which it is, for we get the money back when we want it and without loss. We call it a bond because the nation of Canada under the flag of Britain enters into a bond not only to pay back that money, but to pay a higher rate of interest than any bank or other normal form of investment.

It's not merely a matter of duty or of sentiment to buy these bonds. It's a matter of business; a much more important business than any factory or mine or railway or fishery in the country.

As a stroke of self-interest backed up by patriotic effort and the highest common sense, it is every Canadian's opportunity to watch this victory bond campaign open up in the Canadian press and to invest $50 in one of these Canadian victory bonds.

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## The Eleventh Hour

(Continued from page 18.)

and the sense of guilt. Like the galvanometer which you saw me use to catch Caylis, the Bronson murderer, in the first case where I worked with the police, Inspector Walker,"—the psychologist turned to his tall friend —"this psychometer—which is really an improved and much more spectacular galvanometer—is already in use by physicians to get the truth from patients when they don't want to tell it. No man can control the automatic reflexes which this apparatus was particularly designed to register, when he is examined with his hands merely resting upon these two plates!

"AS you see," he placed his hands in the test position again, "these are arranged so that the very slight current passing through my arms, so slight that I cannot feel it at all, moves that mirror and swings the reflected light upon the screen according to the amount of current coming through me. As you see now, the light stays almost steady in the centre of the screen, because the amount of current coming through me is very slight. I am not under any stress or emotion of any sort. But if I were confronted suddenly with an object to arouse fear—if, for instance, it reminded me of a crime I was trying to conceal—I might be able to control every other evidence of my fright, but I could not control the involuntary sweating of my glands and the automatic changes in the blood pressure which allow the electric current to flow more freely through me. The light would then register immediately the amount of my emotion by the distance it swung along the screen. But I will give you a much more perfect demonstration of the instrument during the next half hour while I am making the test that I have planned to determine the murderer of Walter Newberry."

"You mean," cried Siler, "you are going to test the woman?"

"I might have thought it necessary to test Mrs. Newberry," Trant answered, "if the evidence at the house of the presence of a third person who was the murderer had not been so plain as to make any test of her unnecessary."

"Then you—you still stick to that?"

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