

over the world. It is not our place to give advice as to how to gamble in mining shares, but to save our friends who have this mania from certain eventual loss we would say do not *hold* shares that are not based on genuine properties and honest work, or in companies where you know nothing of the character of the promoters or the management. If they buy such shares let them make quick turns and get out at the least adverse rumours in order to avoid the inevitable crash.

The sad feature of this speculation to the active mining man is that the money wasted in this betting on shares cannot be applied to genuine mine operations. Men who are known in the community where they live, go from door to door soliciting capital for promising and well managed enterprises, guaranteed by their character and skill, and after they are snubbed and metaphorically kicked out of the office, the glib tongued "wildcat" promoter from unknown parts enters and is received with open arms and is rewarded with the sight of an open check book. It is hard to bear; but still it has its good side. The talk of the affair advertises mining and calls public attention to that industry. It is easier to get capital for mining during a boom and some properties will be developed that otherwise would never have proved their riches. And again the money lost in share gambling only changes hands and those who lose it are perhaps no better custodians than those who gain it. So we say—Go it boys! if you want to gamble, cards, horses, elections, mines and church raffles all are fair game; only use your wits and be as skilful as you can; don't be fools and be gulled by transparent frauds, nor go it blind. There is more chance with your eyes open; and when you use them *above all look at your men*. Tie to good and able people and your chance of luck is greatly increased. But if you have any ambition to get rich by means that will be of the greatest benefit to your country and countrymen and of the most interest and educational advantage to yourself, then invest in the development of mines and see that your money is really spent in exploitation. Herein is Canada's greatest prospective source of wealth. She is a mining country *par excellence* and mining is the most generally advantageous industry that can be engaged in both to nations and to individuals.

Government Examination of Joint Stock Company Schemes.

Boards of Trade have here and there had under recent discussion certain recommendations to the Provincial and Dominion Governments for protecting the public against the schemes of the promoters of Mining Companies. The subject is vital to the interests of the whole country. Either something must be done to give share certificates a documentary character for honesty, or else results disastrous to mining enterprise and incidentally to all other enterprise will assuredly follow.

Joint Stock Companies were in the first instance created corporations by letters patent to enable men to conduct collectively such business undertakings as they could do individually or in partnership. There were defects in the mercantile law of partnership which rendered that form of association unsuitable for mining and other enterprises. The technicalities of real estate law were also in some measure maintained by partnership law. It was necessary to make shares transferable without breaking up the association, to give to real estate owned by the association the character of personal property, to vest the control of affairs in an elective managing body. Now all this could have been attained by statutory modification of the law of partnership for particular enterprises. It has been admirably attained by the law of British Columbia relating to mining partnerships than which nothing more practicable could be desired for enabling co-operating practical miners to carry on their business in a sensible, economical and honest fashion. (The reader is referred to the Canadian Mining Manual, 1894, for further particulars). Such a partnership cannot create a fictitious capital, that is, as between the partners. Nor can it enter into any of the many stock-jobbing plans for obtaining from the

community large sums of money to be repaid only in sorrowful experiences.

By what means was it that the legal system originally intended to facilitate the formation of joint stock companies by enabling them to avoid the technical difficulties incidental to partnerships—and for such purpose only—by what means was it that the legal system expanded into its present form? Probably under the influence of the Stock Exchange. It was found that industrial and mining stocks could be sold readily, that they had a speculative value often far from their real value. It was found, not for the first time in the history of human nature, that share certificates take their value from public opinion apart from the value of the property they represent, and that democratic legislatures are frequently more ready to accommodate their constituents with opportunities to befool themselves than are much abused autocratic rulers. It was therefore made available to clothe companies with the right to issue any conceivable amount of capital, apart from the means of promoters, the objects in view, the value of the property or industry to be exploited. A concrete example will serve to illustrate:—No names are given for obvious reasons, but the story owes nothing to imagination. A company was formed in New York for buying and working certain mines in Eastern Ontario, capitalized at five millions of dollars. Over 100,000 shares changed hands at about \$3.00 a share. The company in its nine years of life has never paid a dividend and it probably never will. The promoters were first class business men, the mines bought up were producing properties, the influence the company could command through its directorate was weighty and widespread. The consolidated mines were taken over at prices above their value. Now, had the department which gave legal sanction to this association required evidence—and historic evidence at that—as to all the transactions entered into by the promoters for the company; had the department required from an independent expert testimony of the value of the properties acquired, and had the money raised from working capital been placed under the control of an officer required to give security to a guarantee company for the honest expenditure of money raised for working capital, it is altogether probable that the shares would have had even now a certain value and that the large investment made by the public in good faith would not have been utterly wasted.

Why should a Mining Company be allowed to issue shares in a mode not allowed to any other corporate enterprise? Let a commercial company, formed for the purpose of buying dairy products for example, issue paid up stock at 10 cents in the dollar, and all the world will cry out against the swindle, and ask why government gives corporate bodies power to make such issues. The obvious principle is that a mining share is a share of a mine; that it is a share of a sum representing the purchase of the mine and the working capital for machinery and wages, and that the owner of the share is entitled only to a part of the net earnings at certain times. Any device for giving a share any other character should be stated on its face. For example, where a part of the stock is issued fully paid up it should appear that no other stock can be issued fully paid up, without which guarantee the purchaser of the non-assessable stock may find his purchase swamped under a deluge of subsequently issued stock or completely cut out by preference stock or bonds. The infirmity of the stock issue should appear on its face. Without it the purport of the certificate that it represents a share of a certain property is falsely stated. The law cannot protect people from every roguish expedient or trick of mining company managers, but it can advertise the public that there are certain reservations of powers attaching to share certificates that people should know, and which therefore should appear on the face of the document, in precisely the same manner that when a man sells a house he must make a good title or else the buyer may withdraw from the contract.

The very travesty of protection is afforded to shareholders against false statements in the advertisements of mining and other companies by the Ontario Statute, "An act representing the liability of Directors," which provides that directors and promoters shall be liable to pay to shareholders any loss or damage they may sustain by reason of any untrue statement unless it is proved that he had reason to believe that the statement was true, or that the statement was made on the authority of an engineer, accountant or expert, believed to be competent. Practically this statute was formed for the benefit of "guinea-jig" directors, who,