

supreme in order to dictate to the market. In Canada at present this is not the case. The new Canada Cement Company must contend with several important and many less active cement companies out of the combine, and also with United States imports. These imports were 14.9 per cent. of the total consumption last year, which is a fairly large figure when considered in relation to the condition of the industry in the two countries.

It has been stated that the demand for cement is rapidly increasing. This statement in the light of the 1907-08 figures and of present reports does not seem to be confirmed. The increase in the sales of last year over that of the previous year, was only 9.4 per cent., while the increase in manufacture was 40.3 per cent., and the gain in the stock on hand at the end of the year, 242.5 per cent. Two of the chief causes for cement demand are bridges and sidewalks. These structures when of concrete are permanent, and already the consumption of cement for this work is less than it was a year ago; therefore new uses for cement appear to be needed more than new companies.

Besides the mills now operating, the combine may construct new plants at Winnipeg and Victoria, deposits of material having been discovered near those cities recently. In face of that, there is the fact that several mills are closed down, lacking both money and product demand.

The capitalization of the Canada Cement Company is given here. The figures previously published are quoted, they being the only statistics at present available:—

	Authorized.	To be issued.
Preferred 7 per cent. stock..	\$11,000,000	\$10,000,000
Common stock	19,000,000	12,000,000
Total stock	\$30,000,000	\$22,000,000
Bonds, 6 per cent.....	8,000,000	5,000,000
Total securities	\$38,000,000	\$27,000,000

Of the \$9,000,000 preferred stock, \$4,000,000 will go towards paying for the properties, only \$5,000,000 going to the public.

The issued capital of the merger will, it is presumed, be considerably greater than the price the companies included therein are willing to accept. The prospectus of the Canada Cement Company should give particulars regarding the past earnings of individual companies. The estimated earnings of the combine for the future will require to be most carefully figured in view of the foregoing statements. The prospectus is awaited with interest.

THE JUDGE AND THE THIRTEEN.

There are few occasions when judges may make noteworthy financial history. An opportunity remains for one of our judiciaries to place on record an opinion as to directors and their responsibilities. The example has been set in the United States, as Justice Van Kirk, of the New York Supreme Court, has held thirteen directors of the Trust Company of the Republic responsible for severe losses through loans made by the company's president on securities. If the decision is not juggled, as was the famous Standard Oil fine, these men will have to pay about \$350,000 in settlement. If men accept and undertake their responsibilities of directors of corporations, they must watch their duties. If they trust their officers or one or two active directors, leaving almost everything to them, the directorate as a whole must be ready to make good to the company for their misjudgment of their colleagues' trustworthiness. That is the gist of the decision.

"It is not a sufficient excuse," says Justice Van Kirk, "to state that loans were not presented to the

Executive Committee; it was the duty of that committee to require them to be presented. The directors and members of the Executive Committee have active duties and responsibilities. Their duty is not lessened, nor is their responsibility discharged by reason of the fact that they are informed there will be no regular meeting; their duties are not entirely limited to regular meetings. They may perform duties outside of the regular meetings, and each director and a member of the Executive Committee, if he has cause to understand that there is necessity for action, may act.

"Where the duty of knowing exists, ignorance due to negligence of duty creates the same liability as actual knowledge and failure to act thereon. Where trusted officers cause loss the directors who trusted them, and, therefore, neglected to exercise the care a reasonably prudent man would exercise in his own affairs, cannot escape liability if such care would have avoided or lessened the loss. It is not a full performance of duty to employ competent officers who are believed to be reliable. The directors have other and additional duties.

"When directors have chosen officers of a trust company in whom they thoroughly rely, if they see fit, then, to intrust the business to those officers, it is their personal trust, and not the trust of the company itself or of the stockholders, and the true position is this: that if the director sees fit to abandon his position and to rely upon the officers either during vacation time or any other time, he says, in effect: 'I trust him, and I assume the responsibility of his acts without performing my duties of supervision as the law and by-laws require me to do, and I must be held accountable for the acts of the officer to the same extent as if I were present and performing my duties and consenting to his acts.'

"Under the facts in this particular case I am not much impressed by the contention that a director is not negligent if he performs his duty as directors of other institutions of the same kind in the same city or community perform theirs; that is, as the custom prevails. A man cannot believe that he may neglect his duty or do a wrongful act because other men to his knowledge have the habit."

STEEL BOUNTIES, FINANCING AND BUSINESS.

The Dominion Iron and Steel Company has been much before the public of late. It has been strongly criticized, together with other concerns, on account of the government bounties the corporation receives. It figured in one of the greatest commercial law cases ever recorded—the dispute with the Dominion Coal Company. Now both its financing and business are attracting further attention. As is known, the company recently sold \$5,000,000 five per cent. mortgage securities. This deal should place the firm in a good position. The average annual net earnings of the company during the past three years have been \$2,309,283. That allows for a \$48,507 deduction for depreciation and other contingencies. On completion of the present bond issue, fixed charges, consisting of interest and sinking fund payments on first mortgage bonds and interest on the \$5,000,000 consolidated mortgage fives, will amount to \$800,400. From that, which would leave a balance of \$1,508,883, after allowing \$350,000 for the preferred dividend, there would be \$1,158,883 left for surplus.

The contingent fund, in connection with the suit against the Dominion Coal Company, is no longer necessary, and a larger amount thus should be applicable each year for the payment of the preferred dividends, of which there is still 38½ per cent. due the preferred stockholders.

For the contingent fund mentioned above \$2,209,210 was reserved pending the coal decision. This sum has been added to the profit and loss account, and there is still about \$2,000,000 to come into the treasury from the judgment against the Dominion Coal Company.