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"TRADE SCRIP."

The *Colonist*, in its issue of Wednesday, contains a misleading paragraph on this subject—it does not treat the matter editorially—in which it says that THE COMMERCIAL JOURNAL'S article is written without a knowledge of the facts which it affects to explain. It says "The issuing of a five cent trade 'scrip' by a combination of business firms is a simple method by them to encourage cash trade, the five cents in the dollar giving the cash customer the benefit. The firms are among the most reputable in Victoria and the criticisms on their methods in the article referred to are altogether uncalled for." The method is decidedly simple—so simple in fact as to have led eighteen most reputable firms to enter into a combination—which is on its face—to encourage cash trade. This they have done by each and every one of them having their names printed on the back of their circulating medium, thus declaring that in their opinion the houses with which their names are associated are recommended and endorsed by them—in fact, that if the customer deals for cash he cannot, in the opinion of any member of the combine, do nearly as well anywhere else as with one of the parties whose names are printed on the advertisements, the circulars and the currency of the combine.

The inference is plain, that if a dry goods man whose name is not upon the list deals with a grocer, for instance, whose name is there, it is poor policy on his part to continue to do so, as that grocer virtually tells his customers that they can deal much the more advantageously with another house. And the same remark will apply to each and every member of the associated eighteen. Here are both inferences and facts. The *Colonist* refers to the advertisement in its columns, and, if the reader will only look there, he will find how in that "excellent and legitimate channel" Mr. So-and-So combines with So-and-So and So-and-So to recommend them to the public in preference to any one else.

THE BRITISH COLUMBIA COMMERCIAL JOURNAL, in its issue of the 12th instant,

draw attention to what it believed to be the law of the case, and now avails itself of the opportunity afforded by the *Colonist* to show what the law says.

Section 60, chap. 31, of 53 Victoria, the "Bank Act," reads:—

"Every person, except a bank to which this Act applies, who issues or re-issues, makes, draws, or indorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of four hundred dollars, which shall be recoverable, with costs, in any court of competent jurisdiction, by any person who sues the same, and a moiety of such penalty shall belong to the person suing for the same, and the other moiety to Her Majesty, for the public uses of Canada.

"2. The intention to pass any such instrument as money shall be presumed, if it is made for the payment of a less sum than twenty dollars, and is payable either in firm or in fact, to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money; unless such instrument is a cheque on some chartered bank, paid by the maker directly to his immediate creditor, or a promissory note, bill of exchange, bond or other undertaking for the payment of money, paid or delivered by the maker thereof to his immediate creditor, and is not designed to circulate as money or as a substitute for money."

In this Trade scrip we have an instrument, value five cents, "intended to circulate as money or to be used as a substitute for money, the penalty for circulating which is \$400 for every offence, recoverable with costs in any court of competent jurisdiction by any person who sues for the same." Clause 2, we think, sufficiently defines the offence, and we therefore shall not be surprised to see the machinery of the law set in operation by individual citizens, in the event of the Deputy Receiver-General, whose attention we drew to the subject in a previous number, neglecting to take action. The law is, we repeat, clear, and we are surprised that the *Colonist* should have had the effrontery to say that our article was "written without a knowledge of the facts"—and we may add the law. The eighteen firms who have advertised their business in this way have rendered themselves amenable to the law, and as for the outsider who "introduced the good thing" and beguiled those business men into following an unlawful course, his American citizenship ought not surely to prevent him to get away scot free, for, to quote our contemporary, "any one who suggested it is lacking in common sense if not in honesty." This whole thing we have no hesitation in saying is a played out American fako, for the U. S. laws are also prohibitory. For their own sakes we would advise the members of

the combine to withdraw their special advertisement, to burn up all the scrip and all the circulars they have in their possession, lest some one of these days their establishments should be invaded by the officers, and the entire outfit connected with this "excellent" and "legitimate" system of advertising destroyed, as it is the custom to do with the paraphernalia of other classes of offenders.

CHATTEL MORTGAGES.

Few traders who sign a chattel mortgage realize fully its importance. The accommodation 'lets them out of a hole' and they are willing to pay even as high as 2 per cent. per month. To the careful business man, however, these points are of minor importance compared with the cost of "swelled orders," "trade commissions" and the loss of independence. A chattel mortgage, according to the law of our Province, is a "conditional bill of sale,"—the "conditional" clause leaving it optional with the mortgagee to convert the mortgage into an absolute bill of sale, the "secured" party himself being the purchaser. This is the main reason why chattel mortgaged dealers are regarded by the trade as bad risks, not that there is want of confidence in the dealer himself, but because all mortgagees cannot be trusted; and the mortgage covers not only what goods were in stock at the time the document was executed but obtains against future additions to that stock until the encumbrance is cancelled.

Commercial travelers and manufacturers' agents are happy when they light on a "secured account" and are able to "stand in" with the mortgagee by giving him a "trade commission" of five, ten or even fifteen per cent. for guaranteeing the bill, which, by-the-way, is, if possible, the result of an "open order" given by the unsuspecting mortgager. The "house" is instructed to "swell" the prices so as to pay for the trade commission, and the order is usually for a much larger sum than the dealer would have thought it advisable to assume the payment of. He gradually finds that his "control" soon takes the shape of the Old Man of the Sea, and he eventually succumbs to foreclosure, his stock and assets perhaps yielding 25 or 30 cents on the dollar. Better had he assigned at first, distributed equally among his creditors, and had something left for himself.

What shall we say of wholesale houses who are so anxious to secure control of certain dealers? It is to be deplored that so many merchants are in such a state at present. The first step towards that condition is when a storekeeper trusts too much to the friendship of the trade,—the second, and much deeper descent is when