

THE LUCKY JIM SCANDAL.

Northwest Mining Truth, published in Spokane, Washington, has been active in exposing stated irregularities in connection with the Lucky Jim Zinc Mines, Ltd., which had for several years been operating the Lucky Jim mine, situated in the eastern part of Slocan mining division of British Columbia. The Lucky Jim is one of the oldest of the Slocan operating mines, having in the nineties shipped lead-zinc ore to the Pilot Bay smelting works for concentration there. The late Geo. W. Hughes acquired the mine in the early part of the present century and made considerable money out of the zinc ore he mined and shipped to Kaslo for preliminary concentration at the Kootenay Ore Company's sampling mill there. In later years Mr. G. Weaver Loper, of Spokane, obtained control, and he induced many Manitoba men, chiefly residents in Winnipeg, to buy shares in the company he organized. Eventually a first mortgagee took action to obtain possession of the property, but the persistent fight put up by Loper resulted in the Supreme Court of British Columbia appointing Mr. A. G. Larson, of Spokane, well known in West Kootenay district in which he had been superintending mining operations, chiefly at Rossland, for many years. Worked under Mr. Larson's direction, the Lucky Jim paid off two mortgages and a considerable proportion of the unsecured liabilities. Meanwhile Spokane and other shareholders in the company, after having resorted to the courts and taken other means to attain their object, finally succeeded in ousting Mr. Loper from control and possession of the company's books, etc. Searching investigations eventually proved that there had been a serious over-issue of shares.

A letter, dated March 30, 1918, sent by Mr. Walter J. Nicholls, of Spokane, to the Spokane Stock Exchange, as published by Mining Truth, reads thus:

"The audit made of the books of the Lucky Jim Zinc Mines, Ltd., shows an over-issue of 3,094,299 shares and this stock is all transferable, the capital stock having been increased to 6,000,000 shares. I suggest that should you list this issue, that you provide that only shares represented by the new form of certificate registered by A. W. Allen, assistant-secretary, be admitted. Some of the old certificates may be issued for a greater amount than shown on the stubs, consequently you should specify that only the new forms are listed."

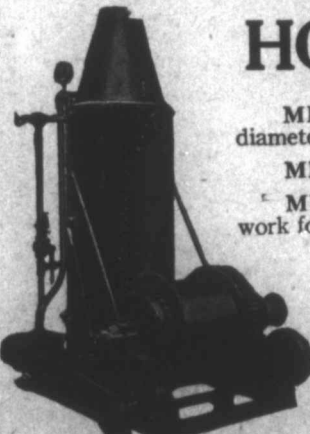
In this connection, Mining Truth makes the following editorial comment: "Directors of the Spokane Stock

Exchange have been asked to restore Lucky Jim Zinc Mines, Ltd., to the official list, and, quite properly, the request has been denied. It will be repeated, however, again and again, in the hope that those most vitally interested may be given an opportunity of working off a discredited issue upon the general public. There should be no temporizing and no palliation of the disgraceful episode. In all the mining history of the Northwest no other such astounding scandal has occurred—under the very noses of sworn officers of the law and with a brazen disregard for decency that puts the guilty outside the pale of consideration. Originally capitalized for \$2,500,000, in \$1 shares, that capital has been 'lifted' to \$5,594,000 by a barefaced system of illegal transfers without counterpart anywhere. The fact that genuine stockholders, harassed and bewildered, have failed to protest expansion of capital stock to cover the defalcation does not alter the situation in any way. The whole matter is so disgustingly dishonest that the Spokane Stock Exchange cannot afford to burden itself with the stigma that must attach to even tacit acquiescence in such flagrant violation of law. Any disposition to restore the corporation's stock to good standing could only be characterized as connivance in a most disreputable affair. Compounding of felony is inimical to the best interests of an institution whose prime duty should be protection of the investing public. Until the blame has been placed and the sunlight of truth let in, there is no place for Lucky Jim upon the official list of any organization of self-respecting men."

The editor of Mining Truth has communicated with the Prosecuting Attorney for Spokane and also with the Presiding Judge of the Superior Court of Spokane County. The former, it is stated, declined to act unless some one would first "swear to an information charging anyone connected with Lucky Jim affairs with a crime," but the Judge of the Superior Court will probably bring the matter before a full bench of the Court, with a view to calling a Grand Jury or taking some other steps in the matter.

The editor of Mining Truth also communicated with the British Columbia Registrar of Joint Stock Companies, and has published the following reply from that official:

"The over-issue of this stock certainly is a bad case. My information is that the company, under the present management, is doing all in its power to rectify the situation and prevent the persons who bought the unauthorized shares from suffering loss.



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