

## THE YORK LOAN COMPANY.

A stay of proceedings in this case before the Toronto magistrate has been brought about by counsel applying to a Superior Court to have the Crown Attorney submit more definite charges against Joseph Phillips than the indictment alleging conspiracy shows. It seems to us that what Mr. Phillips has not done as well as what he has done in connection with the conduct of this company may properly be considered at his trial. He is responsible for taking hundreds of thousands of dollars, much of it from ignorant people, some of it from grasping people, who wanted more interest than was usual or safe, and "investing" it in unprofitable hills and ravines, miniature parks and boulevards, suburban houses and shops, a piano factory, a life assurance company, apparently, too, a monthly magazine, the owners thinking all this while that their money was earning in the appetizing ratio shown by Mr. Phillips in his pink and white literature. He should have had the company properly officered, but this he did not do.

The revelations of the past few days respecting the manner in which money collected from the members of this concern was handled may fairly be called amazing. That a "lending" company, having auditors making sworn returns to Government, having directors and a solicitor, could allow its affairs to drift under the control of one man and be conducted as the evidence before court of two of its employees describes, passes ordinary belief. Miss Lillian Hudson, styled "manager of the audit department of the company," testified to signing deeds and mortgages at the request of the company, but refused to name any particular person from whom she took instructions. She received money for the "National Monthly," and put it in the bank; returns from the sale of pianos she handed to Mr. Burt; while agents were selling pianos on commission and getting premiums for the Toronto Life Company they were taking surrenders of shares under Classes B, C and D. She could not say who furnished the money for the printing office or the Lee grocery business—both of which Mr. Phillips appeared to conduct.

Another of the lady clerks to give evidence was Miss Gertrude Hall. Her evidence deserves to be transcribed in full, or nearly so. She had been with the company for ten years, having started as junior clerk and worked her way up to the position of mortgage clerk, having the handling of the real estate, insurance and taxes.

She told Mr. Curry, according to the "Globe's" report, she could not say what property was disposed of to the City Realty Company. She, however, knew of one entry of the kind which went through the books. "It was for somewhere about \$9,000, but it was paid back," she added. Miss Hall could not say when the company disposed of its realty and took mortgages in lieu thereof.

"Did you become possessed of any of the company's realty?" enquired Mr. Curry.

"In name only," replied the witness, with a smile. She had nothing to do with it, she said, with the exception of signing her name. She never knew what she was signing for, but she believed she gave mortgages to the company in this way. She understood this was a mere matter of form. She could not say who asked her to sign the documents, and did

not look to see what she was signing. "I just did what I was told," remarked the witness.

It is of interest to remark upon the possibility that the York Loan Company's failure may not hit the victims in Nova Scotia so hard as elsewhere, if the legal opinion of W. B. A. Ritchie, K.C., is correct. He has informed the committee of Halifax shareholders that by virtue of an Act passed in the Nova Scotia Legislature in 1904, requiring the company to be licensed by the Provincial Secretary (which it had not done) the company was carrying on its business illegally after that date, and all who had paid money into it were entitled to rank, not as shareholders, but as creditors, and have, therefore, a first lien on the company's assets.

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## C. P. R. FINANCE, AGAIN.

Two of the Toronto dailies, a morning and an evening paper, respectively, take the "Monetary Times" to task for things which they allege it said last week in connection with the Canadian Pacific Railway's method of financing its new stock issue, and they heap all sorts of accusations on this journal's head because it looked at the question from a standpoint other than the one they choose to take. We neither do nor did intend to discuss the contemplated issue from any viewpoint, but that of its purely financial bearing. In this we did nothing but follow the lead of the London "Economist"; and, it will be remembered, that is the critic whose argument we were considering. The "Economist" was looking at the issue in regard to its bearings as a financial proposition, and so were we. Its attitude was not that of an observer of the freight rates obtaining on Canadian railroads, nor was it ours. The statements of our local contemporaries, therefore, as to our being the "enemy of commerce and industry," and the "eulogist of high finance," and so forth, are all beside the mark. The "Monetary Times" did not take up that side of the case, because, for one thing, that was not the side discussed by the "Economist," and because the "Economist's" article happened to be the text which we were dwelling on.

Neither of our critics, in their zeal for the welfare of the Canadian public and their indignation against any method which militates against low freight rates, makes any reference to the real point of our article. This point hinged upon a very important consideration; the practicability of any other method of financing the issue. Now, however plausible may be the theoretical argument in favor of saving \$20,000,000 or so by issuing stock at to-day's prevailing market price, it is not of much use if conditions prevent its being put into practice. Whether this be so actually or not we do not attempt to say. The C.P.R. directors evidently thought it was better to be on the safe side; and past experience of other railroads certainly favored their view. And there is another thing which it would be well to bear in mind: Suppose for a moment that the C.P.R. had adopted the course which its critics recommend, and suppose that the proposition had failed, either signally or in part, would the position, not of the company but of the country as a whole, have been improved? The whole financial standing of Canada would perhaps have been weakened, and the future development of areas now but little known retarded to a very perceptible degree. As we suggested in our previous article, money and