

RSC
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**Last Day for
Tax Returns**

is April 30th. But we suggest that you do not wait until then to obtain and fill out the proper forms.

Do two things now. Send to the Post Office or your local Inspector of Taxation for the Income Tax forms, and write for our pamphlet: "The Income Tax and the Average Man."

Its contents will enable you to fill out the forms more accurately. It will be sent free for the asking.

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The Pulp and Paper Industry

The Market and Spanish River

BY THE FINANCIAL EDITOR.

The feature of the week in the financial markets, was the activity and strength in the paper stocks, several of which touched new high levels, and stood up well under heavy profit-taking. The rest of the market was dull and inactive, but showed no special sign of weakness. The increased price of newsprint in the United States, which will soon be \$130 for contract dealings, was the chief reason for the paper boom, but the announcement of the great Riordon merger, with its extensive programme of new construction and new financing, was also a bullish factor.

The Spanish River situation is extremely interesting, and a lively movement in this security may be expected at any moment, if it is not already under way. The depression which has prevailed in the Spanish securities recently was due to the nature of the dividend proposals on the preferred. It is becoming more and more generally believed that these dividend proposals are not to be taken seriously. It is considered to be impossible for a company having cumulative preferred stock outstanding to relieve itself of its dividend obligations to the holders of that stock, in any form except cash, so that the proposals to pay arrears of dividend in preferred stock could not be successfully carried out without the consent of all the preferred shareholders, which is not likely to be granted. The interesting element of the problem however, is the query as to what could be done in the case of a sale of the property of the company to a new corporation. It is possible that in such a transaction, some adjustment could be performed by a vote of a majority of stockholders, which would not be possible in any other way. Even in this event, however, there is good legal support for the opinion that the preferred shareholders could not be compelled to accept anything less than the full face value of their stock and their arrears of dividends in cash, if they elected to insist upon that method of settlement. Whatever method the company might adopt of dealing with the situation, it can be assumed with certainty that the preferred shareholders, in so far as they differ in personnel from the common shareholders, are not likely to accept, without the most emphatic resistance, any

distribution the monetary value of which is less than the 42 which is due to their security on July 1, for six years of unpaid dividend.

On the other hand, there is another possible device by which the difference between the value of the preferred stock and the common stock could be lessened in the interests of the latter. There seems to be no reason why, when the preferred stock has been paid off as regards its 42 per cent. of arrears, the common stock should not receive a dividend also under the heading of arrears, provided it can be shown that such dividend was earned during the period prior to the date when a regular common stock dividend is inaugurated. In this way, it would be possible to distribute the common stock not only 7 per cent. per annum from the date on which the preferred is paid up, but also a considerable further sum out of earnings prior to that date. If these earnings were distributed to the common stock holders, in future years, by means of a higher dividend rate than 7 per cent., the preferred shareholders would have to be admitted to participation. But if they are paid out as being dividends belonging to past years, at a rate not exceeding 7 per cent., there does not seem to be any way in which the preferred shareholders could obtain any part of them. As soon as this uncertainty regarding the conflicting interests and relative merits of the preferred and common stocks is cleared up, there should be a lively boom in at least one or other of these securities, and most probably in both.

A surveying party has just returned to Quebec after nine months' absence covering work over an extensive territory in the Ungava district in the region of James Bay, near Hudson Bay.

An office for game wardens and license inspectors who will be at the disposal of tourists and the public generally has been opened at Montreal by the provincial government. An immigration office is also attached to the new department.

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