

## THE EXCHANGE NEWS.

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### MINE PRICES FOR PROSPECTS.

The following editorial in the columns of the Mining Record is one which is worthy of the careful consideration of our readers.

A word of criticism is to be uttered at this time touching the buying of property in Cripple Creek and other camps of the state. The numerous recent flotations in Cripple Creek has called attention to a state of affairs which cannot be denied to have been one of the factors in the general weakness of the market of late. The trouble above alluded to has been occasioned by the fictitious valuations which some promoters have endeavored to place on the properties included in their flotations.

There has been a general cry raised against the forming of new companies, but the criticism is misdirected. There is no harm in forming a company to take up and work mining property. That is a thing to be commended. The harm comes in where a promoter secures a tract of mineral land, forms a company, announcing when he does that it is for the purpose of working the same, and then tops off the climax by selling the shares at an outlandishly high figure which places a value on his ground away beyond its intrinsic merit. The majority of the recent Cripple Creek flotations made on the local market have been meritorious, and the price asked for the shares has been in keeping with the value of the property. Furthermore, it can be said that in a majority of cases these companies are pushing development work to-day. The investor does not object to the price he paid for the shares of these new flotations as long as he knows that the ground is being developed and that there is a show of future reward; but he does object when he finds that he has been taken into a company which was boomed merely to get rid of a million or two shares and finds later that there never was any intention of developing the property into a mine. Cripple Creek is a great mining camp; but it is too great to allow anything like the above to go on and never receive the condemnation of honest men. The future of the camp lies in protecting the interests of those away from the actual scenes of mining operations.

But there is another point in the discussion related to the above, but removed from it to some degree. There has been the liveliest trafficking in mining realty in Cripple Creek during the past twelve months which has resulted in bringing about a "boom" pure and simple, in mining claims. The Record condemns this speculating in ground, for, it partakes too much of a real estate boom and is not in keeping with the methodical development of a mining camp. There is a tendency to-day among certain holders of Cripple Creek to demand prices for undeveloped prospects. To keep silent regarding this condition of affairs would not ease the

situation and the plain truth about it, is the best remedy. It has to be admitted that in several of the recent flotations ground was secured at figures which may be termed exorbitant, for the real estate market was advancing and the ground was taken in at top prices. The promoters were forced to capitalize heavily and float their shares at high figures in order to get back what they put into the property and yet be able to make to 300 or 400 per cent. which they felt entitled to on their investment.

The honest way would have been for them to refuse to pay the prices for the property, and if it could not have been secured at a lower figure refuse to take it altogether. It is a matter of congratulation that there were comparatively few such instances, as indicated above, and these are already working out their own salvation, as the price of the stock has dropped back to somewhere near its intrinsic value and few if any eastern buyers have been taken in at advanced figures.

The blame lies in large measure with the seller of mining claims. The purchaser of mining property will not, unless he is seeking merely to make a fictitious flotation, pay a mine price for a piece of property if he intends later to add to his investment by developing his ground. The latter is as legitimate an item of the promotion as the original purchase price of the property. The fact that the promoter has been willing to pay mine prices for a prospect is prima facie evidence that he is not trading fair with those whom he asks to become investors, and does not intend to develop his property. The seller of mining property must be willing to admit that his undeveloped property is worth only what it shows on the surface and he cannot ask in honesty a mine figure on future possibilities and when the buyer submits to being humbugged into paying anything but prospect prices for prospects, he immediately shows that he is either woefully lacking in good business judgment or is contemplating the practice of fraud on subsequent investors.

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