

TOUGH-OAKES MINES IN COURT

Petition Presented to Wind Up Company—Story of Interwoven Corporations

A petition for the compulsory winding up of Tough-Oakes Gold Mines, Limited, was presented in the London courts on July 6th. Mr. Peterson, K.C., counsel for petitioner, said it was a petition by a shareholder to wind up Tough-Oakes Gold Mines, Limited, and the question in substance before the court was whether or not the substratum of the company had disappeared. There were two Tough-Oakes Gold Mines Companies, one a Canadian and the other an English company. The court had now to deal with the English company, which was formed to acquire from the Kirkland Lake Proprietary, Limited, a controlling interest in the Tough-Oakes Gold Mines, Limited, of Haileybury, Ontario. The English company had an authorized capital of £500,000, in £1 shares, of which 230,007 were allotted and called up, including 30,000 share issued as fully paid. The three directors were: Mr. G. R. Bonnard, Mr. F. Johnson and Mr. R. Simpson. The English company issued a prospectus dated 9th March, 1914, offering 100,000 shares for subscription at par. The prospectus stated that the company had been formed to acquire from Kirkland Lake Proprietary, Limited, of 4 and 6 Throgmorton Avenue, E.C., the promoter of the company, (a) 426,388 fully-paid shares in the Tough-Oakes Gold Mines, Limited, of Haileybury, Ontario, a Canadian company with a capital of \$3,000,000, divided into 600,000 shares of \$5 each, owning the Tough-Oakes Gold Mine, in the Kirkland Lake Goldfield, Ontario, and (b) options of purchasing in part or in whole a further 171,110 shares in the Canadian company. That, said counsel, was the basis of the company.

"A Peculiar Transaction."

The English Tough-Oakes Company had received £200,000 cash in respect of shares issued by it. The company had paid to the Kirkland Lake Company for the 66,781 shares which had been delivered to it £44,996 15s. 3d., which left a balance in its hands of £155,003 4s. 9d. There was a peculiar transaction by which the English company was to take up for £30,253 8s. shares in the Kirkland Lake Company. These were apparently bought from the Union and Rhodesian Trust, Limited, which acted as secretary of both companies. This left a balance of £124,749 16s. 9d. Now, what happened to the rest of it? In the same building (Finsbury-pavement House), and on the same floor, were a number of companies, in all of which Mr. H. G. Latilla had an interest, and the names of all these companies appeared on the door. Of the balance of £124,749, no less than £112,831 12s. 9d. was advanced by the English Tough-Oakes Gold Mines to the various companies and individuals in this building. This appeared to have been a regular in-and-out business, each company having shares in the other, and giving as security for loans shares in its company. After these loans had been made there was left £11,918 4s. These advances were made right up to well into August of last year, and the result was that it was quite impossible now to get this money back from these companies. The war had intervened and made matters on the Stock Exchange more difficult than before. The result was that this English company had not got the money necessary to carry out the agreement with the Canadian company, and the substratum of the company was, therefore, gone.

Interested in Loans.

The companies and individuals interested in the loans were the Tough-Oakes Gold Mines, Limited, Finsbury-pavement House, formerly 4-6 Throgmorton Avenue, the Union and Rhodesian Trust, Limited, the Anglo-Transvaal Rhodesian Trust, Sudbury Syndicate, Limited, Kirkland Lake Proprietary, H. G. Latilla, Secretariat, Limited, and the Ptarmigan Mines, all the addresses being the same. The directors of the Tough-Oakes were Bonnard, Johnson and Simpson, and loans were made to the other companies. Latilla and Burt were directors of the Union and Rhodesian Trust, and there was a loan made to them of £60,612 3s. 7d., the security being 14,800 shares in Kirkland Lake Proprietary and 2,945 shares in Sudbury Syndicate. Burt and J. D. G. Simpson were directors of the Anglo-Transvaal Rhodesian Trust. The loan was £5,500 and the security 2,000 shares in Ptarmigan Mines and 8,000 shares in the Union and

Rhodesian Trust. The director of the Sudbury Syndicate was Burt, the loan was £500, and the security 500 shares in Kirkland Lake Proprietary. In Kirkland Lake Proprietary Latilla, Burt and J. D. G. Simpson were the directors, the loan was £29,062, and there was no security. The share capital pledged totalled several thousand shares, including 2,000 ex Bonnard, 1,500 R. Simpson and Bonnard, 820 R. Simpson, 1,475 R. and J. D. G. Simpson, 1,065 A. Burt, 225 H. Warwick, and 350 V. W. Comer. There was a loan to Latilla of £6,389, the security being 5,200 shares in the Union and Rhodesian Trust. The Secretariat, Limited, had as directors F. Johnson and Latilla (formerly R. Simpson). The directors of Ptarmigan Mines were F. Johnson and Latilla, and the share capital pledged was 2,000 shares, all ex Latilla and Burt.

Contentions of Company.

Mr. Clauson, K.C., said before the war the shares given as security for the loans were being dealt in on the Stock Exchange at figures which justified the loans. Of course, now all these figures had gone to pieces. Mr. Clauson said his clients, the company, had tried to get the Kirkland Lake Proprietary to carry out the contract. A Mr. Foster was the man who was causing all the difficulties, and he (counsel) alleged that this was an action to prevent the company bringing its actions against Foster and Latilla. Counsel said the prime villain was Foster, who had deliberately broken all his contracts.

His Lordship: But Latilla is just the same.

Mr. Clauson: Probably. Counsel said his point was very simple. If these holders of 20,000 shares wanted satisfaction their first step should have been to put the company into voluntary liquidation. There were three actions pending in the King's Bench Division, and it might be that when they were finished the substratum of the company would be gone, but they should wait until they had finished their actions.

Mr. Peterson said the question was really could this company carry out its contract? Where was its money? The whole of it was loaned to this congeries of companies, and even when they were sued they could not pay. How was this English company to pay for these shares in the Canadian company? The shareholders' position was that, owing to the malpractices on the part of the directors, it was no longer possible to complete the contract. The company had not got the money to carry out the contract.

His Lordship directed the petition to stand over pending the hearing of the actions in the King's Bench Division, the company undertaking to prosecute the actions in the King's Bench Division with due diligence and to use its best endeavors to get in any moneys owing to the company.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended July 23rd, 1915:—

Nipissing Mines, 50,545; Peterson Lake Silver Mine, 63,665; Mining Corporation of Canada (Cobalt Lake Mines), 97,120; Dominion Reduction Company, 88,000; Chambers-Ferland Mining Company, 56,080; McKinley-Darragh-Savage Mines, 147,940. Total, 493,350 pounds, or 246.6 tons.

New Liskeard—

Casey Cobalt Mines, 58,500.

The total shipments since January 1st, 1915, are now 17,492,534 pounds, or 8,746.2 tons.

TO LEARN WHAT CANADA CAN DO

Mr. D. A. Thomas, who represents in America Mr. Lloyd George, minister of munitions, is in Ottawa. He is accompanied by Gen. R. H. Mahon and Mr. R. H. Carr. The deputation will be at Ottawa for some time in touch with the Canadian Shell Committee. They will also visit Montreal, Toronto and other cities.

Though Mr. Thomas has been invested with wide powers by the British minister of munitions, he states that it is not his intention to buy munitions in Canada. The shell committee will attend to that. Mr. Thomas will enquire particularly into the capacity of the Dominion to turn out shells, rifles, small arms ammunition and explosives.