

"Raney is a good fellow and his intentions are all right, but he doesn't understand his subject."

This was the comment to-day of A. M. Orpen, when asked about W. E. Raney's report on the race-track situation in the province.

"Mr. Raney says that over a million dollars annually has been made by the race-track companies since the beginning of the war. Is that right?" Mr. Orpen was asked.

"Mr. Raney is thinking of lawyers' profits," he replied. "He forgets the expenses of the tracks. The Woodbine alone gives away about \$75,000 every meet in prizes."

Mr. Orpen said he had not yet read the report, but would do so.

## Mr. Raney's Reply

(Toronto Evening Telegram, Tuesday,  
February 6, 1917)

## Quick Return to Attack

### RACE-TRACK PROFITS.

**W. E. Raney, K.C., Suggests That Increase of Capital in Some Cases Might Look Like Evasion of Tax.**

W. E. Raney, K.C., holds that, in spite of Col. William Hendrie's reply, the figures and facts adduced by him in connection with profits from race-track gambling still stand.

"Yes," said Mr. Raney, "I noticed Col. William Hendrie's reply in this morning's Globe. The only effect it appears to have on the situation is to put an increased onus of explanation on the jockey clubs. When I spoke on Friday I was aware, as I stated, that the Ontario Jockey Club had increased its capital stock in 1910 from \$10,000 to \$200,000, and I assumed that they were continuing to pay their shareholders ten per cent. as they were doing before that time. This meant that each shareholder in the club received \$200 of an annual dividend on every \$100 of investment and also had about \$500 to his credit added each year in the club's surplus.

### SIX HUNDRED PER CENT.

"Now comes Col. Hendrie with the explanation that the capital stock of

the club is really \$600,000, and on enquiry I learn that that statement is true, the increase having been made during the past year. If the club is continuing to pay ten per cent. to shareholders, as, of course, it can well afford to do, then on the basis of its present capitalization, each original share of \$100 is now paying \$600 a year profits, and on this basis the original investment of \$3,400 of the Hendries is now paying annual dividends of \$20,400, and besides this a large sum is being carried to their credit in the rest account of the club. How large that sum is the books of the company and an appraisalment of its assets would show, for whilst the capital of the club is now, as Col. Hendrie says, \$600,000, the actual assets are certainly more than twice that sum. As suggested by Col. Hendrie, this situation may be a matter 'quite immaterial to any of the Hendrie family.'"

### TO ESCAPE WAR TAX.

Recurring to the increase of the capital stock of the Ontario Jockey Club to \$600,000, Mr. Raney remarked that if this had been by one of the jockey clubs controlled by Chicago, St. Louis or Baltimore men, a strong suspicion would attach that the motive was to evade the Dominion war tax.

As the Ontario Jockey Club exists, according to Col. Wm. Hendrie, "for the benefit of the horsemen and people of Ontario," Mr. Raney suggested that the club owed it to the horsemen and the public of Ontario to at once furnish the reason for the increase of its capital stock from \$10,000 in 1910 to \$600,000 in 1917, \$590,000 of which is presumably water, and at the same time to furnish a full statement of the affairs of the club, so that the horsemen and the public may judge for themselves.

### WENT TO CHICAGO MAN.

"Col. Hendrie also makes the point," continued Mr. Raney, "that when the Hendries sold their interest in the Hamilton club a few years ago they did not sell to a Chicago racing man, but to a Hamilton man. It is not of any consequence, of course, whether the sale was directly or indirectly to a Chicago racing man. The point I was making was that the Hendries sold their interest in the Hamilton club at a very large sum, and that those interests are now controlled by a Chicago gambling man.