

CANADIAN COAL AND COKE REORGANIZATION

History of the Company and How Matters Stand at Present—Effort to Surmount Difficulties

The reconstruction proposals of the Canadian Coal and Coke Company have naturally aroused much interest. The following brief outline of the position, therefore, as given to *The Monetary Times* by Mr. H. A. Lovett, K.C., Montreal, president of the company, is opportune:—

"The company was incorporated for the purpose of combining under one management four operations a majority interest in which was owned by the same parties. There was no flotation or sale of any kind, and all that was done was to exchange bonds and shares in the constituent companies for bonds and shares in the Canadian company, par for par.

"In 1913, when the constituent companies had all become embarrassed and were not in a position to meet either the principal or interest on their bonds, an effort was made to reorganize the undertaking on a basis which it was hoped would enable the Canadian company to carry it through. The bonds were all converted into preferred shares, par for par, and the debts which amounted to about \$1,300,000 were assumed by the Canadian company. It was hoped that with the large intrinsic value of the properties a bond issue could be arranged on such terms as would enable the Canadian company to pay the debts and secure a sufficient amount of money to give it working capital in the meantime and to carry any interest charges until the market became sufficiently large to give the returns necessary to carrying through the undertaking. \$3,000,000 par value of bonds were issued and pledged with the First Trust and Savings Company, of Ohio, as collateral security for \$500,000 of prior lien obligations and \$1,000,000 of notes, the First National Bank taking the prior lien obligations and the directors and their friends purchasing the notes at 94 per cent. of par.

Could not Sell Bonds.

"The advance was made by the bank upon condition that they be given a long-term option on the bonds which they proposed to sell. The bank made its contracts for the sale of the bonds conditional upon the whole issue being subscribed, and at the time war was declared, the issue having only been partly subscribed, the sale of the bonds fell through, leaving the company with the short-term obligations to meet and a market in which it was impossible to raise the money.

"Under these circumstances, the directors paid off \$200,000 of the borrowed money which they had in hand, and secured an extension of the bank loan to October 1st of this year, and they then set about to see if they could, among the shareholders, arrange for a sufficient amount of the bonds to be taken to liquidate the bank claim and to provide for the notes, as well as to provide for interest and a working fund for a term of years. It was found impossible to secure from the shareholders the money for this purpose, although the noteholders were nearly all willing to convert their notes into bonds, and it was equally impossible, in view of the conditions in western Canada, to secure the money for paying off the bank and for working capital by means of a prior lien.

To Put Company Beyond Danger.

"It then became apparent that the \$3,000,000 of bonds pledged as collateral security would be sold, and the company's efforts has been to provide a purchasing company on a basis which would put it beyond any danger no matter how long hard times last, and which would put it in a position to take full advantage of the situation, when the population and business activity in the west substantially increases. In order that everyone interested in the company should have an equal opportunity in the purchasing company, the directors, who are largely interested in the second securities, have offered each shareholder the right to take a participation in the second securities at the same price as paid by the directors and to participate in the shares of the purchasing company on the same basis all round.

Stock Owned Here.

"Forty-seven fiftieths, or practically all of the preferred stock of the company is owned on this side of the water. The company has never made any flotation of shares or securities either here or abroad, and the directors and a few of their friends have invested a great part of the money

which is in the undertaking and are now following their money with further cash in order to work out the situation."

The company has had a very hard time, but the directors apparently have decided to stay with their investment and have invited everybody interested in the company to participate with them to such extent as they desire.

WESTERN EQUIPMENT HOUSES MERGE

An amalgamation has been arranged of the Western Foundry & Metal Company, (Limited), and the Canadian Equipment & Supply Company, (Limited), both of Calgary, and the International Supply Company, (Limited), of Medicine Hat, Alberta, into the Canadian Western Foundry & Supply Company, (Limited), capitalized at \$1,000,000, with head offices in Calgary.

The two Calgary houses are large distributors of construction supplies, while the Medicine Hat concern is a large manufacturing plant. It is planned by the consolidated company to extend the capacity of the Medicine Hat plant, so that practically the whole of the company's supplies will eventually be manufactured there. Construction of addition to the plant at Medicine Hat is already under way, and it is expected that the staff will be increased, when these additions are completed, from 80 men to around 200. When the capacity of the Medicine Hat plant is reached it is possible that a similar plant will be erected in Calgary.

The Calgary offices will handle construction materials, including supplies for mines, railways, municipalities, and building materials of all kinds. The merged concern expects to control the distribution of this class of goods from Winnipeg to the coast.

MARKETING STRAWBERRIES IN BRITISH COLUMBIA

(Staff Correspondence.)

Vancouver, June 19th.

With the organization of the British Columbia Consumers' League, attention should be directed in a greater degree to what is produced in this province. Among the members of the league are heads of some of the principal women's organizations, and in this way household buyers may learn how they can help their own city and province. This league visits the factories on the lower mainland. It is not necessary to point out the good effects of active work on the part of the league, and local factories could get no better advertising.

An instance of strong support being given British Columbia products is that this year to date only \$12,000 worth of strawberries have been imported whereas last year the total amount was \$76,000. More berries were grown here this year, but all were marketed. A request went to Vancouver Island from this city asking that exports, even to the prairie sections, be postponed until the market here was satisfied. In the Gordon Head district, just outside Victoria, the output this season will total 40,000 crates, while very large quantities are grown on the mainland, in the Haney-Hammond and Mission districts. Berry culture means close cultivation of the soil, and the results are good enough to encourage producers.

For many years the city has striven to bring the consumer and grower together, but without great success. In the best of times, the householder had plenty of money, and she used the telephone. With economy practised, the housewife finds that with a cheaper ticket on the street railway and cheaper goods of all kinds at the market, a considerable saving can be effected in a month. The beneficial effect will be general, for it will mean more people will engage in market gardening, which up to the present has been left almost entirely to the local Chinese.

A representative of a French steamship company was on this coast recently relative to a direct service between Mediterranean ports and the north Pacific. Now the East Asiatic Steamship Company announces that its fleet, operating between Europe and this section, is to be increased from six to eleven vessels at the end of August. This company trades between here and Scandinavia. Genoa has been added to its ports of call. Trade with that city is developing in a most encouraging manner, and the outlook is promising.