F. R. PHELAN W. J. LUCAS

FINANCIAL SERVICE

MONTREAL — LIMITED — TORONTO

OFFICES
MONTREAL—114 ST. FRANCOIS XAVIER ST.
TORONTO—ROOM 112 - 272 BAY STREET (DISTRICT 2)

TELEPHONES
MONTREAL—MAIN 3031-3014
TORONTO—ELGIN 4860

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WATER & POWER DEAL AROUSES PRESS AND CITIZENS

The exposure on Tuesday, by Financial Service, of the squandering of between $4,000,000 and $4,500,000 of public money through the purchase of the Montreal Water & Power Co.by the City for $14,000,000 has aroused the Press, particularly Le Devoir and the Star, and Montreal citizens in every walk of life.

It appears that certain of the aldermen were not even advised that the matter was to be up for discussion and only became aware of what had taken place when they read the announcement in the Press.

Whilst one may blame the city fathers who voted on the project for too hasty action in the matter one must not forget that they are children, considered in a financial light, along-side the interests sitting on the opposite side of the board in this transaction and to use a common phrase it was "like taking candy from a baby".

With such strong bodies as the Montreal Board of Trade and the Chambre de Commerce investigating the matter and the Press airing the details of the transaction we may yet see the price cut down to a figure where the city will pay only a reasonable profit to the "New York interests"(?) for their two or three months financing.

Mr.Brodeur, in defending the excessive price paid, is quoted in the Press yesterday as saying, in part;- "We know only this that the price $14,000,000 was the lowest at which Montreal could obtain it and that this was the final offer. Had we not accepted it we would have had to abandon the deal altogether."

This appears to be an attempt to throw dust in the eyes of the community and intimates that the city had no other option but to buy at the figure stated. According to records on file in the offices of "Financial Service" the report of the directors of the company accompanying the financial statement for the year ending April 30th, 1914, contained the following paragraph;-

> "At the last session of the Quebec Legislature your Company introduced a Bill amending the Company's charter and by mutual agreement with the city of Montreal, it was, amongst other things, provided that for six months after the Bill became law the city should have the right to purchase the capital stock of the Company and, at any time after six months to expropriate the company's system.

Again; the prospectus issued by Hanson Bros.in November 1921 offering the 4½% Prior Lien Gold Bonds, states, in part;-

> "The City of Montreal has been authorized by the Quebec Legislature to acquire by expropriation (as a going concern) the whole of the undertaking of the company, all of its rights, powers and actions, so as to transfer to the City all its moveable and immoveable properties that so far constitute the assets and liabilities of the company, and the City has the right to assume the bonds of the Company as part payment of the purchase price."

It would appear therefore that, unless the Legislature has withdrawn the rights of the City--a most unusual procedure--the City Council could take action now and purchase the properties by expropriation.

The price might very reasonably be set at the value of the company, placed on it by its own shareholders, when they sold out last December, namely $9,810,000. A court of arbitration would hardly raise the price to any appreciable extent.

If the City wished to be generous it might recommend a commission of 5% or even 10% to the present holders to cover the various expenses which they no doubt have been compelled to undergo in negotiating the purchase from the old shareholders and the sale to the City. It would not be reasonable to expect that a deal of this magnitude could be consummated without a considerable amount of preparation and work with its accompanying expense.

One Journal intimates that Financial Service is fighting the cause of the old shareholders. This is not the case for we believe that the majority interests of the old company drove an exceptionally good bargain and obtained all that the plant was worth. We are, however, very much concerned that the citizens should be forced to pay a fifty per cent. profit on top of this price.