

## FINANCIAL FLURRY IN LONDON

London and Globe Suspends Payment--Governor Mackintosh's Dispassionate View of the Situation--Will Not Affect Working of Rossland's Mines.

Dec. 29.—The London and Globe Finance Corporation, limited, has suspended payment. When the brokers yesterday morning were asked to purchase on account of the London and Globe and asked for payment they received checks which were dishonored. This was followed today by the failure on the Stock exchange of twelve firms.

The London and Globe is heavily involved in the British Columbia market. All the shares of the London and Globe group, especially Lake Views and Le Roi No. 2. The shares of the latter were yesterday quoted at £22, but today they are unsaleable at £24. Lord Dufferin is chairman of the London and Globe, and his fellow directors are Mr. Whittaker Wright, who is well known in connection with many companies; Lieut.-Gen. the Hon. Somerset J. Gough-Calthorpe, who has been colonel-in-chief of the Fifth Dragoon Guards since 1892, and Lord Pelham-Clinton, Master of the Queen's household and a son of the former Duke of Newcastle.

The failure of the concern of which the Marquis of Dufferin and Ava, the former governor general of Canada, and the British ambassador at Paris, is the head, adds one more sorrow to the closing chapter of his life, for he is today preparing to start for South Africa in company with Lady Dufferin in consequence of the serious condition of his son, Lord Frederick Blackwood, the lieutenant in the Ninth Lancers who was wounded on Monday at Glenfontein. It is scarcely a year since Lord Dufferin lost his eldest son, the Earl of Ava, who died at Ladysmith. He is now accompanied by family grief and his honor name is dragged in the financial mire.

Many of the shares of the West Australian and other groups were absolutely unsaleable today. Since Thursday, Lake Views have lost 5 1/4. The B. A. C. shares were quoted on Thursday at 13s 3 pence; today they were 10s, after being 8s. London and Globe shares fell from 14s to 6s 6d. They are now 9s 6d. Although there is some nervousness in regard to speculative shares generally, lest the public should become alarmed, it is thought that probably the worst is known. The London and Globe, in one of the subsidiary series of which, namely Lake View, all the trouble originated, owing to highly speculative financing, has met with much adverse criticism during the last few years.

The London and Globe's special financial article explains the failure of the first three days' trading in yesterday's despatches, with large blocks of stocks unprotected and without protection ten more firms announced their suspension. Other suspensions may occur on Monday. Several suspensions will turn out to be perfectly solvent when time is given them. The London and Globe Finance corporation group were largely the victims of circumstances. They had at the last moment exceptionally heavy calls from banks at a time when fresh loans were practically impossible to obtain.

## LONDON &amp; GLOBE SUSPENSION.

It Will Not Affect the Mines of the Rossland Camp.

The London and Globe Finance company, which went to the wall in London yesterday has a capital of £2,000,000. It was formed as the parent company for Western companies of which Whittaker Wright is the leading spirit. It is the parent company of the British American corporation, which was organized on March 14, 1898, for the purpose of operating in British Columbia mines with a capital stock of £1,500,000. The latter is the parent corporation of the Columbia-Kootenay Mining company, Rossland Great Western Mining company, Northport Smelting company, Le Roi Mining company, and Le Roi No. 2. The shareholders in the London and Globe had the preference in the purchase of the shares of the British American corporation, and also when the flotations were made of the Le Roi, Le Roi No. 2, and the other flotations made by the British American corporation. In this way considerable stock in these companies is held by the stockholders in the London and Globe. Before the several companies were placed on the market, however, the British American corporation financed them, that is to say, it found the money to purchase them and to put them on a shipping basis. The British American corporation received what money it advanced in this way, and a profit, when the companies were organized and their shares disposed of. The B. A. C. received the difference between what it had paid out and for what it sold the mines to the new companies as its profit. These companies are now independent. They are being operated by the companies formed to run them, and are in no way affected by the fact that the London and Globe has suspended payment. The Le Roi has been shipping steadily, and the No. 2, the Rossland Great Western and the Kootenay mines are all in a position to ship. The latter, however, has not yet been provided with transportation facilities and is not in quite as forward a state as the others are.

What has kept the No. 2 and the Rossland Great Western from shipping to the small extent for several months is the lack of smelting facilities and the fact that the smelter at Northport, which has 60,000 tons of ore in the Le Roi, has 60,000 tons of ore in the Le Roi, the Le Roi No. 2, and the Rossland Great Western; in fact, the Le Roi could, were the smelter facilities available, ship 1,000 tons a day, the Nickel Plate could ship 300 tons and the Le Roi No. 2 the same quantity. By the first of February the Northport smelter capacity will have been increased from 650 tons a day to about 1,400 tons and this will be further increased so as to

handle all the output from the mines during the coming year.

The management of the British American corporation in this city knows nothing whatever of the causes of the suspension of the London and Globe and say that they are paying all their attention to mining and have no knowledge of the manipulations of the London stock market. They were positive, however, that the matter would in no way affect the standing of the properties here, and as they are all able to stand alone and to pay their own way their future was assured beyond the peradventure of a doubt. They refused to hazard even a guess as to the cause of the suspension.

So far as Rossland is concerned, over the fall of the stock in the several companies it will have but little or no effect for the reason that only a very few shares are held here. A short time since there was some speculation on margins in Le Roi shares and some sold out at a profit and the rest were sold out because of a failure to put up margins. One man owns 3,000 British American corporation shares and he is amply able to hold them for a rise.

It is thought the suspension of the London and Globe is due to several causes. Ever since the Whittaker Wright coup in Le Roi No. 2 in which the London brokers bought short and were pretty badly squeezed a number of them have been endeavoring to make a counter squeeze in order to get even. The London and Globe spent a considerable sum in the flotation of the Baker Street and Waterloo Electric railway. This has been used against the company. On Friday the annual meeting of the Le Roi company was held and at this meeting the announcement was made that owing to the large sums required for development work and for the large plants put in that no dividend would be declared. This, it is thought, led to an onslaught on the London and Globe, which caused the suspension. This is, of course, mere presumption and may not be the true cause of the trouble.

## A SOUND OPINION.

Ex Governor Mackintosh Speaks of the Financial Disturbance.

Vancouver, B.C., Dec. 29.—(Special).—A representative of the Miner called upon ex-Gov. Mackintosh tonight regarding the mining collapse in London. He said: "The partial collapse, or rather evening-up, like water finding its own level, is not a very difficult problem to solve. Over-capitalization was dangerous enough, and this applies to all great mining companies, but the vital cause was first, the American-Spanish embargo; next, the South African war; then the Chinese trouble, and, again, the prolongation of the Transvaal struggle. The latter locked up hundreds of millions of investments, and thus surplus capital, once obtainable whenever danger threatened the London market, became a fixed factor in South Africa. The again the Australian mines made a bad showing, the rich veins of ore gave out, and on top of this, the Stratton Independence mine in Colorado was reported weak and likely to give out. Then came the report of Mr. Hays Hammond, antagonistic to the Camp Bird, said to be 'equal or superior to the Independence, and one could feel something in the air that meant trouble. I was in London at the time and naturally enough preached the gospel of British Columbia mines, worked upon a practical business basis. Capital representing many million promised to go to British Columbia, and I firmly believe this will take place, for there must be a pretty war tax levied upon South African property. Of course, Mr. Robinson, the great South African authority, considers that this would be killing the goose that laid the golden egg, and I agree with him; he is a wonderfully well informed gentleman, and if he turns his attention to British Columbia, could make it a second South Africa without a Kruger or even taxation."

"What about the Globe Finance corporation and Mr. Whittaker Wright?" the Miner representative asked. Ex-Gov. Mackintosh replied: "Mr. Wright is an honorable gentleman. So far as investors are concerned, I venture to say he will see the trouble through and come out all right in the end. Lord Dufferin is full of courage and every one trusts him. It is unfortunate, but I believe the whole collapse is a blessing in disguise. One has to learn stock and share market philosophy by experience, but for my part, I give me mines in British Columbia, for these are going to be the salvation of the British investor, just so sure as I am talking to you."

In reply to another question Mr. Mackintosh said: "No, and I say it without any other than a feeling of confidence and in a spirit of candor, the present disturbance will not injure Rossland. It is bound to prove beneficial in the very near future."

Mr. Mackintosh again returned to the subject of Mr. Whittaker Wright's connections, and said: "He is no lover of money, and would make great sacrifices to protect those associated with him or in-shares in his enterprises. Australian shares, such as Ivanhoe and Lake Views, have dropped considerably. The London and Globe Finance corporation and the British American corporation have been hard hit, so I should not be surprised that the crisis may prove providential in suggesting a consolidation of the strong concerns and a weeding out of the weaklings."

## WHAT MAYOR GOODEVE SAID.

A Temporary Setback Which Cannot Seriously Affect Us.

Mayor Goodeve, in speaking of the suspension of the London and Globe and its probable effect, said: "I think that a number of London brokers have been endeavoring for some time past to get Mr. Whittaker Wright in a corner and have at last succeeded in doing so. We all know that the mines here have been go-

ing to a large expense in order to ship ore on a more comprehensive and economical scale. In the case of the Le Roi the new plant and the big five compartment shaft and other improvements have cost a large sum. The company, therefore, is unable to pay a dividend at this time but we all know that it has large reserves of ore at the mine and that it is one of the best mines on the continent. It is also known that the improvements cost, according to the report of the management, about a half million of dollars, and for these reasons no dividend was declared at the recent meeting in London. The machinery will enable the shaft to be extended to the 2,000 foot level. We also know that large sums have been spent on other properties and that the smelter capacity at Northport is being doubled in order to take care of the tonnage which the B. A. C. mines are capable of producing. We are certain that these mines can take care of themselves now and that as soon as they begin shipping on an increased scale will be able to pay dividends. It is probable that the Le Roi at the next quarterly meeting will be able to declare a dividend. So, while the suspension of the London and Globe may have a temporary bad effect on the British market so far as the mines of British Columbia are concerned, it will be only temporary, as the investors there will quickly realize that there is real merit in the mines of British Columbia and that the trouble is not due to any lack of merit on the part of the properties here, but rather to the manipulation of the London stock market. Then, it must be considered that there are other British capitalists who are perfectly satisfied with the results attained and who intend to go on with their ventures. In other words, the camp and the country are too prosperous and in too good a condition to be seriously affected by what is simply a stock deal.

"As an evidence of the amount of capital that has already been put in and which is in the course of being placed, look at the smelter situation. Less than two years since there was only one smelter in the province in active operation and now there are two reducing ore, two in the course of erection and others in contemplation, without considering the one at Northport, which is supplied with ore by the mines of this camp. This little setback is nothing serious and we may expect like ones occasionally but they cannot stop, for any length of time, the onward progress of the mining industry of British Columbia," concluded Mr. Goodeve.

## THE "GLOBE" FAILURE.

A Stockbroker's Opinion on the Probable Effect on the Share Market.

Speaking of the announced failure of the London and Globe Finance association, a leading stock broker in this city considering the situation, said that he did not think that it affected the stock market here to any appreciable extent.

"It would be very easy to exaggerate the effect upon the market. The greatest effect will be in London itself, where nearly all the shares of the B. A. C. and other subsidiary companies are held. Also other properties stocked in the old country will naturally suffer sympathetically with them. Another point to be taken into consideration is that the dividends declared by the B. A. C. were dividends which accrued, not from the minerals taken out of the mines, but from the sale of the subsidiary companies at a profit. The position of the Le Roi itself is well known and the Le Roi No. 2 is no doubt a very valuable property and one that is perfectly adapted to become one of the principal shipping of this camp. At the same time the price recently quoted, £22, is a price that was evidently artificial. The mine is no doubt in good shape, but there has been no such shipments from it as to justify the price quoted. On the other hand, the drop to £24 is perhaps excessive. There has been a certain amount of ore shipped and it is known that even that amount has been curtailed because of the lack of smelting facilities. The intrinsic merits of the property should enable it to settle to its proper value. If enough work has been done upon the mine to allow of the shipment of ore at a profit the effect of the smash of the Finance corporation behind the property can be over-estimated. And we are told that the shipments for November last went \$30 to the ton. This is enough to secure a handsome profit.

There is yet another thing to be taken into consideration which is that the shares of the B. A. C. and subsidiary companies have been very lightly dealt with in Rossland, Montreal or Toronto. Hence any effect would be largely indirect and temporary.

Any manipulated stock is ever liable to drive down the shares on the approach of a panic. But if the property concerned is of real merit this does not last and within a comparatively short period the shares recover their true value. On the other hand, should the mine concerned be merely a stock jobbing proposition a reverse is fatal. In this way if the properties of the B. A. C. have any real merit, as is generally conceded, they will recover rapidly. If to the contrary any one of them is merely a "job" the effect of the present news will indeed be extremely disastrous to any such proposition.

But the Rossland people, knowing the worth of these properties and being convinced that they are meritorious, whatever question may be in their hearts with regard to the fancy prices lately asked in London, will feel sure of the ultimate and legitimate success of these mines. And in this case there can hardly be a doubt that within a few months or even less, the Le Roi and its allied mines will be in a firmer position than ever.

Had the Le Roi No. 2 been a considerable shipper and had paid large dividends over a considerable period of time there might have been some justification in the prices asked, \$110 for a \$25 share. As it is, the mine has shipped something less than 3,000 tons, it is still newly floated and no dividends have been declared nor is there even an intimation that dividends are as yet in sight. Under such circumstances the price quoted was ridiculously palpable as mere inflation. The drop was bound to come and if with that drop the Globe Finance association has been carried away so much the worse for the Globe, but the intrinsic merit of the mines remains as they were before. Enough work has been done to permit of permanent shipments. With these shipments dividends can be obtained. Then and not till then, is a heavy premium on the stock warranted by the circumstances.

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