

TRUST AND LOAN COMPANIES

TRUST COMPANIES—THEIR VALUE

To the Community—Care in Selection of Trustees—First Duties Under a Will.

Experience has shown that both surety companies and trust companies under proper capitalization and management offer excellent plans for reducing to a minimum the possibility of loss attending post-mortem administration. Thus the testator has at hand ample means for the protection of his estate from dangers to which it would otherwise be subjected. So said Mr. Daniel S. Ramsen, of New York Bar, who spoke at the recent American Bakers' Association, on the Post-Mortem Administration of Wealth, the prime factor in which he stated to be the safety of the estate.

Old versus New Methods.

The old method before the days of trust companies and surety companies was to rely upon the character and financial standing of the individuals appointed, supplemented in some jurisdictions by individual bonds. Such appointments have been the occasion of much unsatisfactory administration. They have resulted in loss both from embezzlement and dereliction of duty. To secure safety from these hazards trust companies and surety companies have each offered a solution which has proved satisfactory to many testators.

To insure an estate against loss from embezzlement and dereliction of duty is, of course, a wise precaution, but it is wholly negative in character. The testator seeks affirmative qualities. He demands sound judgment, wise and efficient management during the whole term of his administration, but above all, at its inception, when an unwise exercise of discretion has often resulted as disastrously as embezzlement or dereliction of duty.

The first duties under a will are performed by the executor. After a thorough study and understanding of the will he realizes on the testator's assets, pays his debts and distributes the surplus or turns it over to trustees for investment according to terms of the will. Where the duties of executors end and the duties of trustees begin. The executor turns over the trust estate to the trustees in such form as the will directs. The trustees must thereupon review the state of the investments and square them with the law and the terms of the will.

Investment and Reinvestment.

If under the will the executors have already performed that duty the task of the trustee is much reduced. Thenceforth the duties of the trustees are those of investments and reinvestment and the collection and application or payment of income. Thus it is that the duties of executors are less routine in their character, more difficult to perform and more temporary in their nature than the duties of trustees. Consequently testators are disposed to look more for mature experience and discretion in the selection of executors and less to longevity. In the selection of trustees testators, in a large measure, seek the same qualities with an added care for a continuity of the trusteeship during the trust term. The element of personal interest in the beneficiaries is usually more or less present in the mind of the testator in the selection of both executors and trustees and is frequently a determining consideration, sometimes even at the expense of good business administration.

TWO NEW TRUST COMPANIES.

Another Canadian Trust Company has been organized, the Standard Trust and Financial Company, Ltd., with a capital of \$1,000,000, being the newcomer. This concern has acquired the business of the Realty Trust and Finance Company, of Vancouver, which has been established about two years. That company was organized by Mr. Melekov, who will become managing director of the new institution. The objects of the Standard Trusts and Financial Company are said to be of a different nature from those of the various trust companies now operating in the province. The company guarantees a dividend of 9 per cent. on its preferred stock, and will lend money on first mortgage to persons who desire to build their own homes or settle on farms. By becoming subscribers to the company they become entitled to a loan of a certain amount in accordance with the amount of their subscription. The interest the company will charge on loans is 8 per cent., repayable within a period of

ten years, the borrower participating in the profits of the company meanwhile.

The offices are at 538 Hastings Street. The gentlemen interested in its undertakings are: Messrs. Thomas Allan, Frank Gardiner, Leon Melekov, William Savage, Dr. C. B. Mansell, B. W. Garrett, and G. E. Hanwell, of Port Hammond, B.C.

Mr. W. M. Aitken, of Montreal, has been elected a provisional director of the newly organized Cape Breton Trust Company. The provisional directors are Messrs. W. M. Aitken, of Montreal, H. S. Ross, C. J. Burchell, Norman McDonald, Neil Ferguson and W. Crowe, of Sydney. The company is empowered to enter into a general trust business, including the administration and handling of estates, investment of trust funds, and all other business which is generally transacted by such corporations.

BRITISH COLUMBIA & THE DOMINION TRUST COMPANY.

As time is measured by the life of a nation, it is but yesterday that British Columbia entered the Canadian Confederation—but judging by the development that has taken place, the railways that have been constructed, the industrial and commercial enterprises established, and the prosperity of its various financial institutions, the Coast Province appears to bear the imprint of the work of many generations. It is only a little over 22 years since the first regular railway train entered Vancouver city. Since then a hamlet has become a hustling city—the terminus of two prominent railway lines, and more are coming; for already negotiations are under way which will undoubtedly bring the G. T. P., the C. N. R. and other competing lines from the south. The harbor, from a quiet stretch of sheltered water, has become one of the busiest roadsteads on the Pacific Coast, for the commerce of the Pacific is developing rapidly, and trade routes, undreamed of a few years ago, are to-day open to heavy traffic. All this means wealth and progress for Vancouver. The Sunset City, financially and commercially, is destined to become one of the foremost cities of Canada.

Among the financial institutions and ranking as the largest local financial corporation of British Columbia, is the Dominion Trust Company. Since its inception in 1903 its progress has been rapid. The authorized capital is now \$2,000,000.00, and the paid-up capital is \$445,825.00, with a reserve fund of over \$73,000.00. The company transacts a general trust business, acts as executors, liquidators, administrators, assignees, receivers and financial agents—handles money for investments in mortgages and other securities, and transacts a general financial business, including a very large fire insurance business. The bond and debenture department of the Dominion Trust Company looks after the placing of bonds and debentures, and the handling of sinking funds where such are created. The company is at present trustee for several debenture issues, aggregating over a million dollars. Recently arrangements were completed for the establishment of a company organization department, having for its object the development of the industrial and commercial life of the country, through the organization upon a perfectly sound business basis, of companies having for their project the development of the wealth of the province.

The new fourteen storey, steel, brick and terra cotta office building, owned by the company and now nearing completion, on the best business site in the City of Vancouver, will be the head office of the company. Offices in this building in the heart of the financial district will be much sought, especially by extra provincial companies doing business in the province, and having headquarters in Vancouver. The building will be equipped with safety deposit vaults, and altogether the appointments will be of that ample and generous style characteristic of the country.

British Columbia has reached that stage of her development where the performance and stability of her enterprises, and the wealth and value of her natural resources are attracting the attention of the financial world, and those institutions founded in the earlier days of the life of the country, and which in one way or another have been fashioned into the financial fabric of the province, are destined now to reap a rich harvest from the development of the farm and mine, forest and stream.

(Trusts and Loan Company Notes on page 1340).