

Correspondence.

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NEW YORK STOCK LETTER.

Office of Cumming & Co., 20 Broad street, New York City.

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The overshadowing feature of the week has been the Louisville and Nashville matter, and we shall be very much surprised if the present condition of this property does not raise some very interesting questions not only in this, but in some other corporations, as to the responsibility and liability of directors. Where the directorate owns outright the majority of the stock of the Corporation, they become the trustees of the minority interest, and where they do not hold such control, they are simply the servants of the stockholders. It is, therefore, clear that whatever action the directors may take must be for the benefit of the stockholders whom they represent, and where such directors become interested in an outside property which is afterward absorbed or taken in by the Corporation of which they are directors, that the stockholders whom they represent, are entitled to all profits and increments which may, or can be made from such transaction, and that where directors appropriate such profits to their own use, they make themselves liable to their stockholders. Stockholders are beginning to realize these facts, and we know of one corporation, at least, where an investigation is quite likely to be made in the near future into such transactions. In the case under consideration, it appears that the directors not only did not own a controlling interest in the stock, but were actually short of it. This fact became known to a bold operator, who took advantage of it, and by enormous purchases, is said to have acquired a controlling interest in the property. Whether such operation was a part of a preconceived plan, or whether it was merely a plunge, remains to be seen. If it was the latter, the question may arise as to what he will do with it—if the former, it is possible that the originators of the plan may antagonize some of the allies of the parties who heretofore have been in control of this property, whose strength is proverbial, in which case the matter may become exceedingly interesting. One fact, however, stands out sharp and clear, and that is that the market price of the securities of this property have been far below their intrinsic value. Until yesterday, Louisville and Nashville led the procession, but at that point the Southern Railway securities loomed into prominence, and broke all previous records for trading on the Stock Exchange starting at 34 5-8, under transactions of unparalleled magnitude, it reached 40 1-2, and closed at 37 7-8. The operator above referred to, announces that he has secured control of the Louisville and Nashville, and Messrs. J. P. Morgan & Co. admit that they will receive such contract on deposit. This is natural; it is their business to receive such things, but it does not commit them to anything more than nominal trusteeship, and is by no means an admission that this firm will take the property at the price which the purchaser must necessarily put upon it to get out whole on the purchase, to say nothing of making a profit. The fact that this property is on deposit with Morgan & Co., who are perhaps more largely interested in the Southern Railway than any one else, is a guarantee that the two systems will be operated in harmony, and, to this extent, it will be beneficial to both; but whether such benefit warrants Southern Railway in selling at present figures, is on one of the questions which time will have to answer.

Not a few operators were apprehensive that if a corner should develop in Louisville and Nashville, that there might be a repetition of the troubles of last May; but assurances have been given that such a condition of affairs would not

be permitted, and this has allayed the fears, and turned a nervous market into an actively buoyant one. Canadian Pacific has been one of the strong stocks starting at 113. About a week ago it has gradually moved up on an increased volume of business, until it sold at 120 1-2. St. Paul is another high-priced Stock which has moved up from 168 1-4 to 172, while Northwest shows an advance of 18 per cent. from this time last week.

The acquisition by the Chicago Rock Island and Pacific, of the Choctaw Oklahoma and Gulf road, nips a very promising enterprise in the bud. The Choctaw has had the usual history of railroads, promotion, collapse, and then an upbuilding which put it in excellent shape, and made it a rival to be feared by other interests, and it is quite probable that the knowledge of some of the ideas entertained by the parties in interest, in this property, decided the Rock Island people to take it while it was yet young, and could be secured on fairly advantageous terms.

Ontario and Western and Detroit Southern will both bear watching. The former has so much business offering, that it is becoming an absolute necessity that the system should be double tracked. The proposition of the President is to do this gradually, and to pay for such work out of the earnings of the property; while this would defer dividends, it would put the Corporation in a position to pay and continue to pay large dividends when it once began. Detroit Southern is a reorganized property which, with new blood and improved credit, is pretty sure to grow and develop sturdily. The market has been active and strong all day, and shows a gradually broadening tendency, but it has been a week of intense activity, and it would not be surprising if some parties with handsome paper profits, should wish and endeavour to get them into Bank, which might cause something of a recession.

Notes and Items.

At Home and Abroad.

OTTAWA CLEARING HOUSE.—Total for week ending 10th April, 1902, clearings, \$1,959,959; balances, \$535,855.

INSURANCE AGAINST DAMAGE BY A FLOOD is suggested by the "Insurance Advocate."

A WATERWAY FROM LAKE SUPERIOR to the Rocky Mountains is projected and a company is organizing to carry out the scheme. The water courses west of Winnipeg are navigable for hundreds of miles; there is, however, a change of level approaching Lake Superior that would entail enormous expense in building a canal.

"A BUFFALO LIFE INSURANCE AGENT tells of a case where he took a policy away from a competitor just from overhearing six words in a car as to a line the other was following. Again he was put on the track by hearing an agent mention his last caller to a friend at the door of his office as the friend was going out." The foregoing which appears in "The Insurance Press" does not impress us as a creditable way of obtaining business. Playing spy, or eavesdropper is too mean a game for honourable men.