

THE AGE OF HUMBUG VERIFIED.

In our first article in relation to the Dominion Telegraph Company, we had occasion to refer to it as a good illustration of the position we then took that the present is essentially an Age of Humbug. The subsequent career of that company has more than justified the truth of that illustration, and furnishes most conclusive proof that the "fools are not all dead;" and that as we then said all the light and knowledge of the present day does not procure an immunity from swindling operations or prevent the repetition of successful frauds.

In that article we told our readers the history of the "Grand Trunk Telegraph Company," and stated that Mr. Snow—"the original Josiah,"—who made so much money out of the unfortunate operation, was at the bottom of the "Dominion" enterprise. Now this was a most important disclosure, for it gave the key note to what we expected would follow, and what in reality is now occurring. We inferred that, as Snow had made a large amount of money out of the previous scheme, he would endeavour to do so out of the Dominion Company. We now need only refer to the facts before the public, to show that that inference was correct. Up to the period of our articles, notwithstanding that the public had been very generally solicited to subscribe to the stock, no explanations had been given as to the most important points in the whole scheme. 1st. Who was at the bottom of the enterprise? 2nd. Who controlled the stock? 3rd. Who was the Contractor? And 4th. how much per mile was he to get for building the line? The first two points we brought out by our reference to the public documents in Ottawa, in which it was shewn that Josiah L. Snow and his son, W. D. Snow had endeavoured to get a charter, the application for which had been witnessed by Seela Reeve; failing in that, the names of Seela Reeve and his son, with Martin Ryan, were substituted, and were successful; further, that Seela Reeve, a relative of the Snow's and an applicant for bankruptcy in the United States, controlled and professed to own over \$400,000 out of the \$500,000 of the stock. These two points were important, and we revive them only that, amid the garbage which the Dominion people throw about them, they may not be lost sight of. It is true that this stock owned and controlled by Seela Reeve has subsequently been transferred in trust to two most respectable directors, for the benefit of all who choose to buy and pay for it; and we take credit for having accomplished that much. The third and fourth points were not so easily got at; it was only by the most constant questioning, and cross examining we got the facts out. 1st. That Mr. Seela Reeve was actually the contractor; that this man who was witness to the original application for the Dominion Charter, in which the Snows unsuccessfully sought to control the stock; this relative of the Snow's, without a dollar in the world that was his own; this man, about whose antecedents in the United States not one of the directors knew a single fact, that this party who had chartered the company, and up to the time of our exposure actually controlled the stock; that this man was the contractor for the construction of the line. Did ever anyone see so bold an imitation of the Grand Trunk Telegraph swindle, in which our friend Snow played all the paying parts in that remarkable comedy. At once promoter, charterer, controller of the stock, and in the end contractor! Is it any wonder the public should start back affrighted at the narrow escape they had run; that the press, from one end of the country to the other, condemned the scheme; that directors left the board in disgust, asserting their belief that the enterprise was unworthy of public confidence, and that the operations of the company, were for some months suspended.

But further developments were in store for us. Finding it impossible now to float the scheme without affording the desired information, the directors from time to time, promised an explanation, which at length is afforded. But from one extreme they rush to another. Hitherto they would tell us nothing; now they tell too much. Amid a large amount of chaff we get this one kernel of fact, namely, that Mr. Reeve is to build the line for \$250 per mile!

We are not very familiar with the details of telegraph construction, nor do we suppose many of our readers are, but we told them long ago that \$100 to \$125 was a very fair price, and, as the subject has been a good deal discussed of late in the western papers, we give the following extract from the London *Pro-*

totype, by which it will be seen we were not far from the truth:—

"In order more fully to bring the matter clearer to all, we give the cost, per mile, of constructing a telegraph line of two wires, an estimate, we think, which will be found to be placed at outside figures:

Posts, per mile.....	\$ 30 00
Wires, do. (two).....	55 00
Insulators.....	5 00
Building.....	25 00
Instruments and cable, average.....	15 00
	\$120 00

"If this statement is correct, and we challenge contradiction, for we have it from a reliable source, then Reeve's profit on the whole transaction will be enormous, at least \$125 per mile. Here, then, is food for the reflection of the shareholders. This sum would leave a margin sufficient to pay ten or fifteen thousand dollars for advertisements, hotel bills, extras, &c. Or, call the profits only \$100 per mile, the total sum to be looted by the enterprising patriot, Reeve, would amount to \$200,000! that is, if the capital stock of the company, as proposed, is to be \$500,000, a valuation of \$250 per mile, for 2,000 miles."

Now we don't care to go into details of the cost of the line; it is enough for us to know that all we have said as to Dominion Line, is borne out by this single fact, that while the Montreal Line has been built for about \$120 per mile while the Provincial Line was built for \$125 per mile, this man Reeve is to receive \$250 per mile. We repeat the question put two months ago, why were not tenders advertised for? Why in the name of common sense was Mr. Seela Reeve ever selected by the directors to build this line? He had never built a line of telegraph in his life, he is not even an operator, and knows nothing about the business; he had no capital, was already bankrupt, and his connections with the Snows both in business and in relationship, sufficiently intimate to be grounds for suspicion. Why, we repeat, was he selected by the directors? Is the explanation not found in the fact that, instead of being selected by the directors, the directors were selected by him! for the purpose of carrying out his design of duplicating the Grand Trunk job. Should he be successful, and build for the Dominion Company 2,000 miles of line, in accordance with their programme, he will have made at least \$200,000 by the operation, for which the stockholders will be compelled to pay; and on which they expect to make a dividend. To show how he expects to make the mileage increase, we append a paragraph from the *Hamilton Spectator* as to the circuitous route taken to Wellington Square, a place about seven miles east of Hamilton:—

"To go to Wellington Square the Company have built their road to Dundas, thence to Bullock's Corners, thence to Watertown, and thence to the Square, making in all a circuit of some thirty odd miles. We do not say that this circuit has been made because the contract is a mileage one, and because it traverses a country where poles are at hand, and therefore cheaply obtained and easily put up. But it would puzzle a Philadelphia lawyer to understand for what other reason this circuit has been made."

We are aware that some most respectable men are still connected with the Dominion scheme, that their names, under ordinary circumstances, would be sufficient to give weight and respectability to any work. We have all along said that there was room for another telegraph company, and that one properly constituted and properly conducted would be a public boon; indeed, we that even went so far as to say after our exposures, if the existing directors would only rid themselves of Mr. Reeve, the Dominion Line might yet be successful. But we are now satisfied there is no hope for it. Mr. Reeve has too large a stake; his chances for making a big thing are too good, should the line go on, and accordingly he clings to it with a tenacity not to be readily shaken. Respectable as the directors may be: good as the chances are for a well conducted opposition line, the recent developments, as to the price paid per mile for construction, will go to confirm the suspicions with which we first started to investigate the claims of the company to public confidence, and we deem it our duty to reiterate, with even greater emphasis than ever, the caution we before gave, that the whole thing had better be avoided. It stands only in the way of legitimate enterprise, and promises only to fasten longer upon us, the grasp of the present monopoly. The sooner it is pushed aside the better.

By the way before closing we will just ask a question, which possibly may get an answer, now that the directors are in an answering mood. Is it true that a member of their board Mr. McGivern, hardware merchant, of Hamilton, is the contractor who is to furnish the wire to Mr. Reeve? Of course it is all right if it is so. We are sure Mr. McGivern can

furnish the wire as well and as cheaply as anybody else; only if it is the fact it will probably explain the very great interest this gentleman takes in the enterprise.

The remaining question we have to ask is in relation to the following paragraph taken from the manifesto of the directors.

"Three-fifths of the first deposit was payable to canvassers, and the remaining two fifths have been quite insufficient to maintain the office expenses, and the cost of printing and advertising, so that it may be said, that Mr. Reeve has borne *unaided the whole burden of the work* as far as it has gone, to say nothing of the materials on hand for its further prosecution—strong evidence in the opinion of your directors of his ability to fulfil his engagements."

This means that nearly 100 miles of line, from Buffalo to Toronto, has been built by Mr. Reeve, which at a rate of \$250 per mile, implies an expenditure of \$25,000. Now it is a matter of curiosity where this money came from. It is well ascertained that Mr. Reeve himself could not have furnished it; certainly his statement in the Bankruptcy Court in New York does not admit of such a supposition. In that statement which was filed February 27th, 1868, and a copy of which the directors ought to have, Mr. Reeve swears that his liabilities are \$30,000 to \$35,000, and his assets \$3,000 to \$4,000, and they of doubtful character. It will be thus seen that instead of having \$25,000 when he came to Canada with which to build telegraph lines, he was actually worth that amount less than nothing. Who then advanced the money referred to in the above paragraph? His creditors would hardly do so; the banks who knew Mr. Reeve would certainly not do so; the banks who did not know him could not be tempted to advance such a loan. What other outside party could be induced to make an advance of such a large sum, in the face of so much risk, in view of the withdrawal of public confidence, and the grave suspicions that surrounded the whole matter. Is it at all probable that anyone who was not deeply interested in the project should make so large an investment. Inasmuch as the directors say they did not, and inasmuch as we see Mr. Reeve *could* not, is not the surmise likely to be correct, that Mr. Josiah T. Snow or his son, Mr. W. D. Snow, are the parties who have advanced the amount? We know from the records at Ottawa that these gentlemen were at the bottom of the enterprise, at its inception; sought to control its stock, and were at the outset deeply interested in its success. They are both heavily interested in connecting opposition lines in the United States, now building; have plenty of money, and as Mr. Reeve is a relative of theirs, and is in need of money, is it not most natural that they should come to his rescue, and help him forward with the project which they had so much at heart. Well, if it is so, (and we think our readers will admit the surmise is not far from the truth) we will close with this suggestion, that as this money was originally made out of the people of Canada by the Grand Trunk Telegraph swindle, the people of Canada had better permit the Messrs. Snow to enjoy the benefit of this last investment, and refrain from relieving them, their agent Mr. Reeve, or his board of directors of any of their stock.

The sheep-raisers of the County of Lennox are making an effort to establish a Wool-Growers and Sheep-Breeders' Association.

THE RELATIONS BETWEEN ENGLAND AND THE UNITED STATES.

WE gave expression not long since to our hopes that the claims made against each other by the citizens of these two countries, were about to be amicably settled. We appear to have been somewhat premature in indulging these anticipations, as the arrangement effected by Mr. Reverdy Johnson has not received, nor does it seem likely that it will receive, the ratification of the United States Senate necessary to give it effect. The demands to be made against the English Government are not to be confined to the simple payment of the damages actually inflicted by the *Alabama* during its destructive career, they are not to be considered for a moment from that point of view, but they are to be equal to, and to represent in some degree the loss in addition which the commerce of the United States has sustained by the blow then struck against it, and from which it has as yet by no means recovered. The new President is said to have given expression to sentiments of this nature, utterly