

THE ELECTRIC COMPANIES.

A Shareholder of Both Tells the Story of the Difficulty.

To the Editor of the Gazette:

Sir,—The latest development in the dispute between the Royal Electric Company and the minority shareholders of the Chambly Company has been the institution of proceedings to set aside an election of directors of the latter company, which was legally or illegally made on the 10th inst.

As the matter is sub-judice it would not be fitting to express any opinion on the merits of the controversy, but it will be of interest to recall the events which led up to the present deadlock and to consider the questions in their general interest.

The Royal Electric Company for years has carried on an electric lighting business in Montreal through a steam power plant, but the prospect of competition with others using water power not unnaturally turned the minds of prominent directors towards the acquisition of a water power.

It is perhaps regrettable that some of the promoters of the Chambly Company did not at the time it was organized bear in mind the saying that no one can serve two masters.

The Chambly Company was organized by a syndicate of ten, six of whom were directors of the Royal Electric Company, and formed a majority of its board. The stock of the Royal Electric Company was very widely distributed, that of the Chambly Company was held three-fifths by the syndicate and two-fifths by the Royal Electric Company.

As the one company was formed to sell power to the other, those members of the board of the Royal Electric Company who were members of the Chambly Company syndicate must have found themselves when negotiations were pending between the two companies in a position of difficulty owing to their conflicting interests, and without making the slightest imputation or suggestion, that they did otherwise than act impartially, they can, we think, have hardly been surprised that the shareholders of the Royal Electric Company at their last meeting materially altered the complexion of the board of that company.

The first action of the new board of the Royal Electric Company was to secure the majority of the stock in the Chambly Company, and out of seven thousand five hundred shares, the Royal Company owned or controlled three thousand nine hundred, as against three thousand six hundred in the hands of the remaining members of the syndicate.

At this stage of this story the transfer books of the Chambly Company were closed and a shareholders' meeting called to elect directors, but the representatives of the Royal Company, on attending the meeting, found that after the closing of the books, by which they were prevented from acquiring further stock, twelve hundred and fifty new shares had been issued without any public tender to a member of the syndicate, and the balance of power, according to the chairman's ruling, put back into the hands of the syndicate.

The legality or otherwise of this transaction is now to be settled by the courts.

The position is the outcome of the course adopted, we think, without sufficient consideration, of creating a large private interest in a company which was primarily a power house for the Royal Electric.

The methods pursued at the annual meeting of the shareholders of the Chambly Manufacturing Company held on Tuesday last would at least attract attention to put it mildly. As a matter of fact a motion as follows, moved and seconded by Mr. Alfred Brunet and Mr. Robert Cowans, both ex-directors of the Royal Electric Co., that \$50,000 of fully paid up stock should be voted to be given to Mr. H. S. Holt, in

view of his services and advice in connection with the Chambly Water & Power Co., was seriously laid before the meeting.

The representatives of the Royal Electric Company questioned the legality of such a generous distribution of the company's property, whereupon Mr. F. L. Belque, who is adviser of the syndicate, suggested that the motion upon consideration should be withdrawn.

This is connection with such a manoeuvre as the issue of \$125,000 worth of stock to one member of the syndicate (Mr. Brunet) without notifying so large a shareholder as the Royal Electric Company, much less offering that shareholder its proportion of the new issue of stock, is worthy of comment.

The theatrical nature of the coup in issuing an amount of new stock sufficient to swamp the votes of the majority and springing the votes of the newly created stock on those who held a majority of the paid-up stock and thought they held thereby an indisputable control of the company was not unworthy of some of the ablest of our American cousins, who have won renown and wealth by their resource in expedients when in a tight place.

A SHAREHOLDER OF BOTH COMPANIES.

MONTREAL MINING EXCHANGE.

RANGE FROM OCT. 6 TO OCT. 12, INCLUSIVE.

Shares.	High.	Low.	Close.
5,000 King.....	22½	22	22
13,000 Katmullen.....	8½	8	8
3,000 Virtue	42	40½	40½
6,315 Montreal-London...	52	48	48
15,750 Big Three.....	17	15	15
8,900 Slocan Sov.....	39	35½	36
7,000 Republic.....	119½	117	117
2,000 Golden Star	36½	30	30
2,000 Noble Five.....	26	.....	26
1,000 Virginia.....	8½	.....	8½
3,600 Montreal G. F.....	14	13½	13½
2,000 Novelty.....	3½	3	3
6,000 Deer Trail No. 2....	21½	21	21
6,000 Decca.....	24	21½	21½
6,000 California.....	12½	12	12½
5,500 Payne	120	108	108
10,000 Altona Christo.....	6	4½	4½
1,500 Brandon Golden C.	28	.....	28
21,000 Waterloo.....	10	.....	10
2,000 Fern.....	12	.....	12
1,000 Okanogan	10	.....	15
600 Knob Hill.....	90	.....	90

THE WEEK IN MINES.

The reaction in the market has certainly been far reaching, and contained considerably more vigor than had been anticipated even by those who in some measure were prepared for a substantial recession.

Various causes can be legitimately assigned for the break, by watching the flow of the tide it is easy to trace the break to its origin. It was a financial one and had practically no reference to the merits of the respective propositions. For some time past outside factors have exerted a deterring influence, and have had a quieting effect on local enterprise. This disturbed state of the financial markets abroad had already sounded a note of warning and was brought to a climax in the publication of the New York bank statements. Money was scarce, the demand urgent, the supply had to be forthcoming.

The decline in what can rightly be called the standard mining securities can easily be attributed to the insufficiency of margin necessitating liberal realizing. The result was that in such stock as War Eagle, Payne, Republic and Montreal-London we have had a sick and unsatisfactory market.

That the mining industry is daily assuming a more important role in the affairs, and future prospects, of the Dominion, and is becoming a more potent factor in the des-

times of our commercial relations, is apparent to the most casual observer. New interests are daily becoming absorbed, new developments being made, rich strikes are of daily occurrence, new companies are being floated by our most influential and wealthy citizens, foreign and English capital is constantly rushing into investment in our Canadian enterprises, not only is this going on before our very eyes in an unprecedented manner, but it is an industry which is growing beyond the imagination even of the most sanguine and it is yet but in its infancy. Take for instance some of the low priced stocks which are selling today on our local mining exchange, stocks which are of undoubted value and which are daily becoming more and more valuable as development work progresses, names which, in all probability, will show increase of 100 per cent. before a twelve-month, and which today are selling at a nominal figure. Such mines as Deer Trail No. 2, California, Dardanelles or Katmullen, etc., and among the unlisted ones, Oro de Norte (King), Okanogan, Altona Christo, etc., and many others which might be mentioned, all of which are promising propositions and recommend themselves to the intending investor.

Montreal-London has been active in a retail was around 50 to 51½. The general weakness yesterday, however, was quick to be felt by it. Buyers had retired, a few shares were offered for sale resulting in a decline to 48. The immediate future will see a still lower range unless the friends of the company come forward in support of the shares. It closed yesterday nominal at 47 to 49.

Republic will be one of the first of the dividend payers to increase its dividends, which should be an incentive to buying on all concessions.

There is little chance of much of a decline and on the other hand there is every probability of the shares doing better on the first signs of easier money.

War Eagle cannot be said to be strong, but maintains its position of 23 and over. There are renewed rumors of the flotation of Centre Star to which War Eagle shareholders will have the first chance of subscribing at a better figure than at first proposed. The basis of Centre Star privileges is kept very quiet, but next week will probably decide the question. War Eagle cannot but feel the pinch in money. It has influential friends who will buy largely on all soft spots.

Payne has been well bought at 100 on the old, which is equal to 100 on the present basis, it was in good demand at former quotation. The mine today is reported closed owing to labor troubles, the money market has also a weakening tendency on the shares. The mine is good, should the holders become uneasy and unload, we would recommend our friends to buy, as in our opinion the current prices discount all adverse circumstances. It sold yesterday down to 105 and looks weak. Holders should "keep their head" and not sacrifice their stock.

Virtue has suffered a considerable shrinkage and is at present to be had around 38. The decline is due entirely to apathy on the part of its friends. The advance, when it starts, will be more rapid than has been the decline.

Slocan Sovereign has had spurts of strength selling up to 39. This advance brought out more offerings than buyers were prepared to take, the result being a reaction to 37, at about which price it closed Wednesday. The annual meeting which shortly takes place will throw light on its prospects. It was weaker yesterday, selling at 36, which was bid for more stock.

Golden Star has issued a circular which throw cold water on the bulls. From present appearances there is not much hope for dividends in the near future. It looks like lower prices.

The balance of the trading has all been in favor of buyers, which is likely to continue to be the case for some time, as sellers are