

INFLATION IN DRY GOODS.

To the Editor of THE STAR:

Sir,—In looking over the Bank of Montreal's statement I noticed the extraordinary and, I think, well-timed remarks of the President with regard to the expansion of discounts and heavy stocks of merchandise carried by our merchants. In one branch of the trade (dry goods) I certainly can endorse those remarks. From my position in one of the leading wholesale houses here I can safely say that the dry goods trade is carried to such a pitch that it has gone altogether beyond its limits, and that there are more dry goods now in this country than it can absorb for the next two years. To show you how anxious our wholesale men are to get rid of their stocks, to my own knowledge upwards of seventeen new dry goods stores have been opened in this city within the last eighteen months. I firmly believe, and am quite certain that the combined cash capital of these 17 stores did not amount to \$10,000. Now what amount of stock do you suppose these men obtained on that money. I have taken the trouble to work it up, and I find that they began business with a stock amounting on an average to \$9,000 so that for \$10,000 cash, they were able to purchase \$153,000 worth of stock. Such a thing I don't believe could be done in any other country but this. I know one store on St. Catherine street, with only a cash capital of \$500, which began business with a stock amounting to \$14,000. Now from past experience what is the fate of these seventeen stores. I will venture to say that fifteen of them will fail before the next two years, and their stocks be thrown on the market. In my experience of over 20 years in the trade, I have never known, even in the midst of the hard times, the dry goods trade to be more thoroughly demoralized than it is at present. Who is to blame for all this? I say most emphatically the wholesale merchants, with one or two exceptions. There is scarcely a wholesale man in the trade that does not cram his customers with more goods than they can possibly handle. A severe crisis has just passed over the dry goods trade. Another one is following rapidly in its wake, which will completely overshadow the first. Now what are the causes of this disturbance. In the first place, there are too many wholesale stores, in the second place they carry stocks altogether too large, and in a great many cases much beyond what their capital permits; in the third place there are too many men in the retail business without any other capital or security than their check, and in the fourth place long dating. I fully and sincerely believe that rotten as the retail trade is, the wholesale is even worse. I am positive that if the banks were to close down on wholesale men five out of seven of them would have to succumb. To show you how keen some men are to obtain paper, I have known several houses who are rated away up in the high figures in Dun, Whelan's to sell in May American and Canadian goods, not only sell from sample but from stock, and date them from 15th October. Now were these goods sold at a profit to cover loss of interest? No, on the contrary they were sold at cutting rates. These men do business on the principle that one good turn deserves another, and the consequence is that there is more accommodation paper finds its way into the banks than bank managers have any idea of. There are, of course, some exceptions to this rule. I know some houses that are forever insisting on their customers to buy only what they actually want, but these are the solid houses, and they are very few. These houses also so protect their customers that they seldom or ever go to the wall, because as a rule they only sell to people that have something to lose and are possessed of means. Now what is to be deduced from all this? It means this, that if ever the dry goods trade is to return to a healthy condition, the banks must curtail the credit of the wholesale houses, and the wholesale houses must curtail the credit of the retail men. Stocks must be reduced, and the long dating system must be modified, otherwise there will be such a weeding out of both wholesale and retail men in the not very distant future as will eclipse anything that has yet been seen.

Yours respectfully,
DRY GOODS MAN.

EASTERN TOWNSHIPS BANK.

ANNUAL MEETING, 1882.

The Annual General meeting of the Shareholders of this Bank was held at their Banking House in the City of Sherbrooke, on Wednesday, the 7th of day June, instant, only a small number of shareholders being present.

The usual notice calling the meeting having been read, On motion of R. W. HENEKER, seconded by J. B. PADDON, Lt.-Col. King was unanimously chosen Chairman of the meeting.

On motion of Rev. A. C. SCARTH, seconded by Major I. WOOD, Wm. Farwell, the General Manager, was elected Secretary.

On motion of Hon. J. G. ROBERTSON, seconded by R. W. HENEKER, Messrs. J. B. PADDON and Major WOOD were elected scrutineers of votes.

The minutes of last annual meeting having been read and confirmed,

R. W. HENEKER, on behalf of the Board, read the following

REPORT:

In submitting their usual Annual Report, the Directors desire to congratulate the stockholders on the prosperous year just brought to a close, and on the increased volume of business which the accounts disclose, as exhibited in the annexed Balance Sheet of the 15th ulto., and the Profit and Loss Statement of the year.

The balance of Profit brought forward from the preceding year was \$1,726.20, to which there has been added

—after making full allowance for bad and doubtful debts—\$149,095.68, making a total of \$150,821.88.

A dividend at the rate of 3½ per cent. was paid in January last, and at their meeting yesterday the Directors declared another dividend of like amount, payable on the 3rd July next.

These two dividends together, 7 per cent., absorb the sum of \$97,579.35, leaving \$53,242.53 still to be disposed of. The Directors propose to place \$50,000 to the credit of Reserve Fund, thereby increasing the said fund to \$270,000, representing nearly 20 per cent. on the paid up capital, and to carry forward \$3,242.53. They hold to the principal that a wise banking policy is best shown by a large reserve and the payment of a fair interest to stockholders, and they are pleased to be able to show that the reserve of this Bank, is rapidly regaining the position which it held before the late disastrous financial state of affairs.

Until lately there have been few matters to touch upon of any great interest to the stockholders. As before remarked, the volume of business has been very large, yielding a net profit in the year exceeding that of the previous year by \$24,000, and this in the face of cheap money, the rates of loans having gradually been reduced from time to time. Apart from Bank loans, all money lenders will agree that it has become more and more difficult to obtain remunerative rates for loans where the security is first-class. And although the result has proved beneficial to the country, it has no doubt told adversely on the incomes of those who depend on their investments for a living. The interest deposits of this Bank have increased during the year from \$1,109,926.00 to \$1,507,772.00, on which interest has been paid at the rate of 3 per cent. The circulation has also increased from \$702,734.00 to \$878,260.00, notwithstanding the withdrawal of the four dollar bills, through the operation of the Statute of 1880, which took effect in July of last year.

The increased means thus placed at the disposal of the Directors, have been carefully used and the larger profit of this year has not been earned on a speculative, but, as they believe, on a sure basis.

The City of Sherbrooke has shown great activity in trade. Its mills and factories have been in successful operation, giving employment at good wages to a large number of operatives. In the immediate neighborhood the copper mines at Capelon, and the opening of new mines in various directions—iron, silver and asbestos—have shown the value of the mineral deposits of this section of country. The lumber trade has also been lively and productive, and the farmers obtained a good value for their harvest of last year. The completion and extension of some of the railways which make Sherbrooke their centre, have added to the development of trade. In Coaticook the success of the cotton and other industries have told favorably on the resources of the town and surrounding country, and in every section of the townships a life and activity have been manifested, showing present prosperity and a hopeful sign for the future.

It is, however, during times of prosperity that watchfulness and care in the administration of Banking affairs are peculiarly needed, and the Directors hope that their successors in office may continue to exercise caution while evincing a proper desire to aid legitimate trade.

The whole respectfully submitted.

R. W. HENEKER,
President.PROFIT AND LOSS STATEMENT FOR YEAR
ENDING MAY 15, 1882.

Balance at credit of Profit and Loss carried forward from 15th May, 1881	\$ 1,726 20
Profit of Head Office and Branches, after deducting charges of Management, Interest due Depositors, and providing for bad and doubtful debts	149,095 68
	\$150,821 88

DEDUCT.

Dividend of 3½ per cent., paid January 2nd, 1882	\$48,747 35
Dividend of 3½ per cent., payable July, 3rd, 1882	48,832 00
Transferred to Reserve Fund	50,000
	\$147,579 35

Balance of Profit and Loss carried forward.. 3,242 53

GENERAL BALANCE SHEET, MAY 15, 1882.

LIABILITIES.

Capital paid in	\$1,397,659 85
Reserve fund	\$ 270,000 00
Profit and Loss Balance	3,242 53
Dividend No. 45 of 3½ per cent., payable 3rd July next	48,832 00
E. T. Bank Bills in Circulation	878,260 00
Dominion Deposits on Demand	64,947 32
Provincial Deposits on Demand	22,545 54
Other deposits on Demand	405,480 54
Other deposits after notice	1,507,772 56
Dividends Unclaimed	1,706 53
Due other Banks in Canada	24,871 85
Other Liabilities	6,319 88
	2,911,904 22
	\$4,631,638 60

ASSETS.

Specie	\$ 99,429 94
Dominion Notes	87,696 00
Bills and Cheques on other Banks	19,926 69
Due from other Banks in Canada	115,049 24
Due from other Banks not in Canada	302,313 33
Due from other Banks in the United Kingdom	44,362 04
	608,777 24
Bank Premises and Furniture	100,000 00
Notes and Bills Discounted and Current	3,164,111 99
Loans secured by Bonds or Debentures	473,456 20
Other Assets	30,074 28
Notes and Bills Overdue and other Debts, secured by Mortgage, and Real Estate	143,025 98
Notes and Bills Overdue, and other Overdue Debts, not specially secured	52,192 91
	3,962,861 36
	\$4,631,638 60

Wm. FARWELL,
General Manager.

After reading the Report, the President addressed the shareholders, explaining more fully the various items of the Statement, and remarking upon the general prosperity of the country. He was of the opinion that business generally was on a safe, sound basis, but if it was to continue so, great care and watchfulness must be exercised, credits must be closely scrutinized, and extravagance of all kinds avoided. He closed by moving that the Report be received and adopted. Mr. A. A. Adams seconded the motion, and after remarks by Mr. J. B. Paddon, Hon. J. G. Robertson, and others, the motion was unanimously passed.

A vote of thanks was then passed to the President and Directors, and also to the General Manager, Managers, and other Officers for their attention and services during the past year.

The ballot was then taken for election of Directors, which resulted in the re-election of the old Board, viz:—R. W. Heneker, A. A. Adams, G. K. Foster, J. H. Pope, G. G. Stevens, M. H. Cochrane, T. S. Morey, John Thornton, and J. N. Galer.

There being no further business before the meeting, Mr. J. B. Paddon was requested to take the chair, when a vote of thanks was passed to Col. King for his able conduct as Chairman.

At the meeting of the new Board, R. W. Heneker and A. A. Adams were re-elected President and Vice-President respectively.

A BROKER EXPELLED.

A few days ago, the New York Stock Exchange formally expelled one of its members for fraudulent practices, and his seat, under the rules, escheats to the Exchange. Its value is between \$25,000 and \$30,000. The charges upon which he was tried and found guilty were published at length. Mr. William J. Hutchinson, the expelled member, was partner in the firm of Kennedy & Hutchinson, and one of its clients was Mr. John Duff, of Boston. Mr. Duff operated on a very large scale, and was one of the chief men in engineering the famous Hannibal & St. Joseph "corner." Mr. Hutchinson was for a long time his confidential broker, and the firm received large sums as commissions on the business done for him. The specifications of the charges show that Mr. Hutchinson systematically operated for his own benefit, against the interests of his client and to his detriment; and, not only this, but in one specific instance was actually guilty of an act which was just as much an abstraction of money from his client's pocket as if he had taken the sum which the transaction represented from Mr. Duff's cash box. When Mr. Duff, from some information conveyed to him, made inquiry into his broker's transactions, Mr. Hutchinson paid him \$750,000 as compromise money. The story got noised about Wall street, and in an evil moment for himself Mr. Hutchinson asked the Stock Exchange to appoint a committee of inquiry. He was popular, had a wide circle of friends, was successful and rich, and he appears to have thought he would come out all right. The committee appointed made a long and laborious inquiry, and ended by preferring formal charges to the Governing Committee against both Mr. Hutchinson and his partner, Mr. Kennedy. They were charged, under the rules, with "obvious fraud." Both the accused were heard in their own defence at several sessions of the Governing Committee, and the result was an almost unanimous vote to expel Mr. Hutchinson. The vote to expel Mr. Kennedy fell short of the necessary two-thirds. Mr. Kennedy pleaded ignorance of the transaction of his partner.—Bradstreet's.

SOLD AGAIN.—Some time ago, in a speech of Sir William Harcourt, published in the London Times, there appeared a most filthy interpolation. When it was discovered the Times publishing company endeavoured to recall all the copies containing the interpolation, and fabulous prices were paid for them. Every effort was made to discover the offender, but failing, a wholesale discharge of compositors occurred. In spite of the precaution that has been observed since then, another hoax has been perpetrated. The other day the Times contained this notice,—“On the 20th inst, at 27 Park Lane, the wife of Albert Edward of a son.” The house belongs to General Macdonald, but was recently let to a well known fashionable beauty. There is but one Albert Edward in England. The Times is again hunting for the rascally joker.