

### SAFE SECURITIES FOR SMALL INVESTORS

The savings deposits in the banks and elsewhere, the life insurance in force, etc., are indications of the strength of the army of small investors in Canada. During the past months, while money has been tight, the small investor has received much attention. The fraudulent promoter knows human weaknesses well, and utilizes them for his own selfish and scurrilous ends. He preys on the ignorant, the foolish, and the unlearned.

But the small investor is usually a man of care. Young man he may be, or middle-aged, thrifty mechanic, and he will have no dealings with such schemes, whether presented by smooth-tongued scoundrels or by a blatant publicity campaign.

His first thought is safety. He wants the return of every dollar he invests.

His difficulty is, in what he shall invest his money, so that he can obtain this result, through whom can he acquire the security. This being so, in Canada municipal banks are being mooted. Debentures are being offered over the counter. Other schemes have been, and are being, devised, all of which are to interest this individual, who already owns an insurance policy and has the rest of his savings safely deposited in a bank. Legitimate financial concerns are also catering to his needs as is evidenced by the hundred dollar bond—"the baby bond"—and also by the following advertising plan:—

A well-known firm of brokers operating in the Maritime Provinces, realizing the difficulty of this man, has evolved advertising matter of convincing character relative to municipal debentures.

First they give the following definition:—

"Municipal debentures are the direct obligations of counties, cities, towns and school districts. They are used to provide funds for public buildings, waterworks, sewerage systems, street improvements, and various other corporate purposes of a similar nature."

Proof is then forthcoming of the safety of such security:—

"No other security is so fully safeguarded by law as municipal debentures," states the advertisement, "from their date of issue to their date of redemption. Each issue must be separately authorized by special Act of Legislature. Proper provision must be made for regular payment of interest and formation of sinking fund to wipe out the principal at maturity.

"Such issues are secured by the entire property of the community. Indisputable evidence of their absolute safety is the fact that not a dollar of interest or principal has ever been lost on them in the Maritime Provinces."

After which comes the suggestion that the said firm can supply the investor with the said security, stating that it will yield up to 5 per cent. This firm's attempt and others of a similar educative and convincing character should meet with success and bring satisfaction to many small investors and gratification to the houses which acquire these additions to their clientele.

### BANQUE DE ST. HYACINTHE

Mr. Joseph Rainville, M.P., handed to the Finance Minister, according to press despatches from Ottawa, a statement to the effect that the Banque de St. Hyacinthe, when a solvent institution, capable of paying a hundred cents on the dollar, was forced to close by the Canadian Bankers' Association. The circumstances of the Banque de St. Hyacinthe are well known. At the beginning of 1899 the bank had capital \$314,140, rest

\$75,000, and total assets \$1,630,000. It had five branches and was paying dividends of 6 per cent. Here is a statement of the results achieved by the bank during the last ten years of its existence. It is to be remembered that the following interesting figures are those published by the directors themselves:—

	Declared profits.	Dividends paid.	Bad debts acknowledged and written off.
1899 . . . . .	\$24,044	\$18,792	....
1900 . . . . .	19,370	18,885	....
1901 . . . . .	19,328	19,294	....
1902 . . . . .	20,346	19,452	....
1903 . . . . .	30,646	19,661	\$27,136
1904 . . . . .	15,666	....	39,821
*1904 . . . . .	13,874	....	9,482
1905 . . . . .	13,752	....	9,409
1906 . . . . .	10,779	....	5,946
1907 . . . . .	11,157	....	31,970
	\$178,962	\$96,084	\$123,770

\* Year end was changed from 31st January to 30th November in 1904. This line, therefore, shows results of ten months' operations.

In the whole period of ten years the officials of the bank claimed that it earned \$178,962. They paid \$96,084 of this in dividends and lost \$123,770 in bad debts. The bank's cash reserves were low. Through the whole period the amount of specie and legals as shown at the fiscal year ends ran from 2 per cent. to 4 per cent. of its liabilities to the public; and if the amount carried on deposit with other Canadian banks be added to the specie and Dominion notes, the reserve ran from 5 to 10 per cent. of liabilities. Again, it was known that the bank had a large amount advanced to a small railway company, such advance representing a large proportion of its total resources—and this sum was involved in protracted litigation, the outcome of which was uncertain. More than three years after the bank closed its doors—in October, 1911, to be exact—a meeting of the shareholders was held at St. Hyacinthe, about two hundred being present, according to a despatch published by the Montreal Gazette. Mr. Gaspard De Serres, of Montreal, submitted an offer to pay depositors 85 per cent., to be accepted in full settlement. What he proposed was to advance this money to the shareholders in order to enable them to offer the depositors 85 per cent. as a full settlement. The shareholders were to pay him six per cent. interest and a commission of 3 per cent.; and if there was any surplus after repaying the De Serres loan, the shareholders were to have it.

Mr. Rainville has since informed the banking and commerce committee that he desires an investigation into the circumstances surrounding the failure of Banque de St. Hyacinthe.

### SMALL CHANGE

Croplets from the cornfields are beginning to chirp cheerily.

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There was only one change of dividend in April, but there will be many movements in May.

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"These numerous Canadian loans remind me of April showers," said a London broker. "Why?" queried *The Monetary Times*. Because they bring forth the investor's greenbacks and golden flowers.

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Calgary, in addition to its numerous advantages, had thirty-one days in April. At least so it would seem from the remark of a journal published in that city, for it stated in reference to Mr. Andrew Miller, industrial commissioner: "On April 31st Mr. Miller concludes his second year of office."