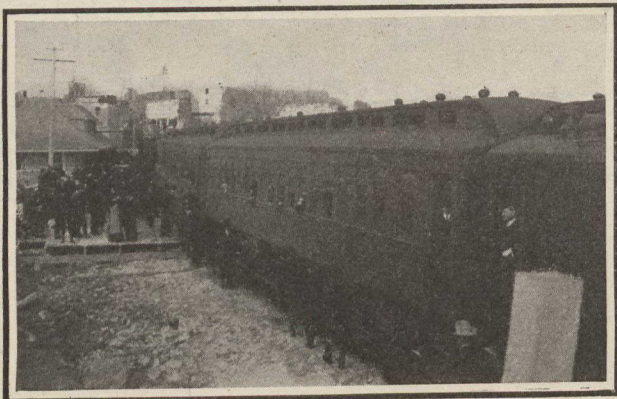
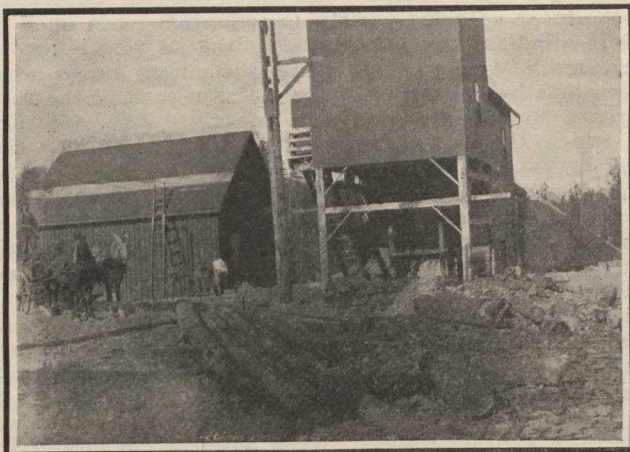


discoveries of the Dakota Homestake that did service in baiting the mining promoter's hook. The approved form of publicity for future Cobalt flotations will be to dilate on the millions that have been made out of Nipissing and the other high class mines. The advertisements will tell all about these but nothing about the ones that are



Cobalt—When the Train Arrives.

to be sold. Yet the effect will be to make people buy the cheap shares and the people will believe that they are getting a second Nipissing, although no one will have directly told them so.



Cobalt—A Shaft House and an Ore House.

Mining stock promoters are by no means entirely dependent on newspaper publicity. They can appoint agents and canvassers to place their stock. This is an effective method. In the last boom some companies had agents in all the main cities and towns of Ontario. The agents got a comfortable rake off of 20 per cent., a temptation which was often sufficient to get them to load up their friends with the stuff. Canvassers, working on the same terms, can do good work with domestics and other working classes with small savings.

Prospectuses and letters circulated through the mails also bring results. The people to whom these are addressed are selected classes, maybe clergymen or school teachers, people whose calling provides little outlet for their speculative spirit.

Then, of course, a large public is reached directly through the stock brokers. The arrangement a mining stock promoter makes with a broker is a simple one. He merely gives him a block of stock a few points below the current market price and makes some kind of an arrangement whereby the broker must not sell any of the block below a certain limit. This, for the broker, is getting in on the ground floor, and in return he is expected to distribute the block of stock among his clients for cash. Personal friends of the promoters who are let in on the ground floor are also under restrictions. They get a big block of stock and are bound not to sell any of it until all the rest of the stock has been peddled out or until the price reaches a certain figure.

The making of stock market quotations is a simple matter and is accomplished by wash sales, that is by matching buying and selling orders so that it will appear as though large transactions were taking place. This makes a fictitious market and the public takes the bait. If by "wash" sales of a thousand shares, 100 shares can be marketed to an outsider it is good business. Stock exchange manipulation too is accompanied by numerous reports of engineers, accounts of new discoveries and so on, which require only a good working imagination to manufacture. Sometimes divi-

dends are declared. That is always a trump card, even if the dividends are paid out of the proceeds of treasury stock.

It has been said that all that is required to make a good mining market is a knave at one end of a telegraph wire and fools at the other. The knavery and the foolishness may sometimes both be qualified. Thus the flotations in New York of some of the high class Cobalt properties was preceded for several months by a continuous stream of data and "copy" into New York newspaper and brokers' offices. This was prepared by a highly trained corps of press agents and experts, to whose good work much of the success of the flotation is due. That these efforts were directed at New York rather than Toronto and Montreal was another sign of acumen.

A lot of mining flotation is done by brokers, who follow the erratic steps of the prospector from camp to camp. A year ago they were perhaps in California or Nevada: now they are in Toronto. They are not mining men as a rule. Their profession is to fleece the lambs, and they are adepts. They know all the tricks of the game. At the first inkling of alarm they will be gone to new fields.

These are a few of the methods to-day in use to turn mining stocks into cash, the methods of the man "who works claims with his jaw instead of his pick." Some of these shares undoubtedly represent value, but the majority of them will without doubt never yield anything. It is impossible to tell what is the actual value even of the best of them. The sensational advances in some may be justified, but, be that as it may, the insiders who are feeding out stock at the high prices are taking no chances. They are leaving the chances to the public, though it may be that the public will make fortunes. But it is a gamble. You or I do not know the depth of the veins or the richness of the ore, and if you or I want to buy mining claims let us make a study of it.

Appended is a table showing the number of mining companies that have been incorporated in Ontario since 1896 and their capitalisation:

1896	26	15,000,000
1897	140	101,000,000
1898	49	30,700,000
1899	81	96,900,000
1900	57	42,400,000
1901	60	39,900,000
1902	73	65,000,000
1903	55	47,500,000
1904	54	28,300,000
1905	99	27,500,000
1906 (estimated)	200	150,000,000
Total	894	644,200,000

Needless to say only a very small fraction of this capitalisation has proved productive.

The present boom may in view of the actual wealth of Cobalt continue for years. The bursting of little bubbles, which has already begun, will not prevent other bubbles being blown so long as the big mines are producing. But no matter how long it lasts or how rich the camp proves, let us beware the final smash. After the collapse at Comstock with its \$306,000,000 bullion output a San Francisco journalist had occasion to write:

"There in Pauper Alley one can walk any time in business hours and see creatures that once were millionaires and leading operators. Now they live by free lunches in the beer cellars and a stray dime tossed to them 'for luck.' Women, too, form a part of the wretched crowd that haunt the ends of the Alley where it joins its more prosperous neighbor streets and beg every speculator to give them a pointer or to carry a share of stock for them. These are the 'dead mudhens' as the men are the 'dead ducks' of the Comstock share gamblers. Horrible things one sees and hears of here. Old friends you thought were prosperous but had not heard of for years show themselves out of the huddle and beg for the price of a glass of whiskey. There stands a once prosperous prince in rags. Yonder beggar lost \$400,000 in a single summer, all good gold. The ghost of many a murdered happiness walks unseen among these half insane paupers as they chatter like apes of lost fortunes and of the prospects of their favorite stocks. Really it is a frightful thing to walk there and look at the seamy side of the silken garment of fortune."

Let us hope Toronto or Montreal will not have a Pauper Alley after Cobalt is done with.