

### THE GRANT-GOVAN OUTFIT AND THE TANGIER PROMOTION.

Under this heading the City Leader, of London, Eng., severely criticises as follows the promotion methods employed on the Tangier Mine, Limited, which like the Waverley Mine, Limited, is an off-spring of the Gold Fields of British Columbia, Limited.

Like the rest of the world we have hitherto entertained the belief that there is nothing new under the sun. We were always under the impression that there were but two ways of floating limited liability companies—either by inviting the subscriptions of the public through the press, or by circulating a prospectus privately and getting the money in that way. Though very loth to confess it, we find we are mistaken. There is another way in which a public company can be floated, but it is distinctly a new way. We will endeavor to describe the process, and in order that there may be no ambiguity—there is always a danger of this when technicalities have to be employed—the modus operandi shall be explained.

At a recent meeting there assembled together certain shareholders in two companies, the Gold Fields of British Columbia and the Waverley Mine. The real purpose of this meeting was, that the shareholders in these two companies should listen to a certain gentleman who has just returned from a far-off land, and who had in his peregrinations actually seen the property of which all those present possessed a certain portion. The name of the gentleman was Mr. Grant Govan, a distinguished pioneer of British Columbia gold mining. There was perfect silence within the four walls the whole time Mr. Govan was recounting the richness of the possessions of those before him. To judge by the words of Mr. Govan, one might readily have been excused if he had arrived at the conclusion that some day or other those present at the meeting would each and all become as rich as Cræsus, so valuable and so full of gold was the property.

At this meeting quite a novel idea in company promotion was introduced. A wonderfully rich mine, which has just been discovered or has been forgotten for generations, had by some means or other come into possession of the company calling itself the Gold Fields of British Columbia, Ltd., and the directors being men of benevolence, the shareholders of the Waverley Mines, Ltd., and in the parent company were afforded another opportunity of acquiring considerable riches, by purchasing or taking shares in this company. As a rule companies are floated either by an advertisement in the daily journals or by being privately subscribed, and it would indeed be a hard task were anyone to attempt to discover a precedent for such

an action.

There can be little or no doubt that though the meeting was held ostensibly to hear a report from Mr. E. G. Govan, the flotation of a company called the Tangier Mine, Limited, was in reality the principal business. We heard on very good authority that the capital of the company was already subscribed, and that it would not under any consideration be offered to the public. The latter statement may be and doubtless is correct, for on the top of the prospectus before us the word "Private" is printed, but we are not quite so sure as to the amount which had been subscribed. If the capital—£12,000—had been procured by private treaty, why should the shareholders of these two companies have been asked to put their money into the concern? This is most certainly a new and an exceedingly novel way of floating companies. The directors of the parent company—The Gold Fields of British Columbia—may have been actuated by motives akin to benevolence, but the inference is left that the efforts to get the capital subscribed privately had been far from successful. Mr. Govan informed those present that the prospectuses were in the room, and that any of the shareholders in the Gold Fields or the Waverley mines might be allotted whatever number of shares they applied for, and that a bonus of 25 per cent. in fully paid up shares would be given upon all allotments. The directors evidently anticipated some little difficulty in getting rid of the shares. Perhaps they were taking a leaf out of the book of their own experience, and would not risk the undertaking going to the public. Although the Waverley mine is now supposed to be a very valuable property, the public responded so badly to the issue that something like 80 per cent. of the capital was called up from the underwriters, and it is very possible that had the Tangier Mine, Limited, been floated in the ordinary way a like result would have had to be recorded. Indeed, we very much doubt, after reading through the prospectus, whether enough money could be extracted from the pockets of British investors—and their name is legion—to have enabled the company to proceed to allotment. The document is made up entirely of reports from, we presume, mining experts, and the directors have not even thought it worth while to indulge in anticipations with respect to profits. Offering the shares in Tangier Mines, Limited to the shareholders who attend a meeting to hear a report with regard to their own property, we can only regard as an ingenious device on the part of some of the directors of two companies to save money in advertising. We, however, heard of very large inducements being offered in the way of underwriting commission—larger indeed than the bonus given to the shareholders in the two companies.