

TWO UNDESIRABLE ENTERPRISES

The Central Canada Meat Packing Company, Limited, otherwise the Western Canneries, is long lived. Mismanaged from the commencement, it has netted hundreds of investors who will never see dividend returns upon their capital. A Pacific coast committee, with G. H. Williams as secretary, has now become active. In a recent circular letter, shareholders are advised to co-operate "in giving their support to the Toronto and Montreal committees in removing those who (ably supported by 'that truthful, incorruptible and public-spirited journal, The Monetary Times') have 'hoodooed' the company almost from its inception, called up the whole of its capital and uselessly got rid of practically the whole of its available cash funds without adding a 'brick or nail' to the factory or a cent to the capital of the company." We do not know whom Mr. Williams quotes in referring to The Monetary Times, although the quotation seems to have suffered an orthographical transformation during transition. Mr. Williams thinks The Monetary Times has helped others to "hoodoo" the company almost from its inception. As a matter of fact, we nailed this concern as bad coin on the investment counter immediately the prospectus appeared in 1906. We have managed to keep it there, although it has been necessary to drive in new nails from time to time. The Western Canneries should be wound up without delay. This company promoting farce has had the stage long enough.

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Captain Hackett, who proposes to sail from Vancouver to the Cocos Islands to rescue hidden treasure, is to meet rival hunters when he arrives. A party of six, four men and two women, of whom five are English and one American, are said to have arrived recently at Panama from England. A "Captain Kettle" seemed to have the party under his command, but it is reported that the ladies are in charge of the party which sailed the other day for Cocos Island, 500 miles from Panama, for the purpose of searching for buried treasure. The party carried a full supply of arms and equipment and enough provisions to last a month. Arrangements were made with the Atlantic and California Company for their passage on the steamship Stanley Dollar, which is to land them on the island.

The Cocos Islands Hydraulic and Treasure Company, Limited, of Vancouver, was fitting the good ship Mary Dier for this expedition. Some hitch appears to have occurred, and another vessel is to be sent, although Captain Hackett remains navigator-in-chief. The fiscal agents of the company, in other words, the men who are loading hidden treasure stock upon the credulous simpleton, have resigned, but other agents were ready to fill the gap. The company has not yet adopted the suggestion of The Monetary Times that the Cocos shareholders should accompany the gallant captain on his junketting expedition.

ALBERTA GOVERNMENT WATERWAYS BOND TANGLE.

Railroad Company Files Defence and Now Denies that it Defaulted Bond Interest.

The defence of the Alberta and Great Waterways Railway and the Canada West Construction Company in the suit brought by the Province of Alberta to recover the proceeds of the sale of the A. & G. bonds has been filed in the Supreme Court at Edmonton.

Briefly, the history of the company's flotation in London is as follows: In December \$7,400,000 5 per cent. 50-year first mortgage bonds of the Alberta and Great Waterways Railway were sold in England. The securities were guaranteed as to principal and interest by the Provincial Government of Alberta. The issue was made by the London branch of Messrs. J. S. Morgan & Company. Mr. William R.

Clarke, a banker of Kansas City, was understood to be chiefly interested. It is proposed to build the road from Edmonton, north-east of the Athabasca River to Fort McMurray, a distance of about 350 miles. Of the total issue, \$400,000 covered Edmonton terminals, but the bulk of the loan was based on a guarantee of \$20,000 per mile on the main line and branches. The bonds, issued at 110, were rapidly subscribed. Criticism was heard in London to the effect that the Alberta Government were ill-advised in their guarantee, which worked out at about 4½ per cent., when it might just as well and as satisfactorily have been done upon a 4⅙th basis.

A crisis in the Alberta Legislature occurred as a result of the provincial government's efforts to force the railroad agreement. The cabinet was dissolved and a royal commission appointed to investigate the deal. The commission's report was non-committal and the commission failed to take the evidence of most important witnesses, including Mr. Clarke, of Kansas City, the chief promoter. The provincial government then decided to cancel the railroad agreement, alleging that the company had defaulted in its bond interest. The money raised by the sale of the railroad bonds in London was on deposit in three banks in Edmonton, the bulk being with the Royal Bank. The government now seeks this money, proposing to utilize it for general public improvements within the province.

After reviewing the acts of the Legislature, proceedings in council and other preliminaries which went to formulate the early legislative and financial being of the transaction, the defence which has just been filed states "that the \$7,400,000 by arrangement between the Government of this province and the Royal Bank of Canada," was placed to the credit of an account headed "The Provincial Treasurer, Province of Alberta, Alberta and Great Waterways Special Account."

If any defaults were made in the payment of the interest, it is claimed that though the express terms of the mortgage deed did not give the province a right to pursue any other remedies than those given in the deed, otherwise this would be claimed as a breach of covenant. Because notice about the introduction into the legislature of the act providing for any default by the railway company was not given any of its officers, it is claimed the act is not binding upon any of the defendants. It is claimed the defendants were not given an opportunity to oppose the passing of the bill, and that no proofs of the facts contained in the preamble of the act were made to the legislature.

The defence says the statements made by the province disclose no ground of action in law. It is pointed out that specializing certain defaults by the Alberta and Great Waterways has not any repealing effect upon any of the other acts concerned, nor does it annul the contract or agreement between the province and the railway.

The defence says the claim of the province is based entirely upon certain words in an act of the legislature, passed December 16 last. This is "An act respecting the bonds guaranteed for the Alberta and Great Waterways Railway Company, being an act to specify certain defaults of the railway and the consequent rights of the province."

The defendants now deny that the Alberta and Great Waterways Railway has, as stated in the preamble of the act, "made default in payment of the interest upon the bonds."

It is also denied that the railway company made default in the construction of its line. It points out that the act incorporating the railway company said that it should be completed within four years of the time of its commencement, "unless prevented by the act of God, the King's enemies, internal disturbances, epidemics, floods or other causes beyond their control. And if, for any of these causes, the work be delayed, the company may make application for an extension of time."

It is claimed that if the railway company made any default in the payment of interest upon the \$7,400,000 funds as is alleged, that, too, was through the default of the government preventing construction.

It is stated that the act does not free the \$7,400,000 from the trusts adhering thereto.

Another argument brought forth by the defence is that the Royal Bank and the Canada West Construction Company are not subject to the legislative authority of the legislature of this province, and that the act dealing with the railway's alleged default cannot be binding upon either.

The defence says further that the act cannot be binding in law on any of the defendants, or on the Standard Trust Company, the trustees for the bondholders, or upon the purchasers of the bonds, J. P. Morgan & Company, London, Eng., or upon the fund of \$6,000,000 now with the Royal Bank, which is not and was not at the time of passing of the act in fact or in law situated in the said Province of Alberta. The whole act is claimed to be ultra vires of the Legislature of Alberta.