

REGARDING A PROJECTED BANK.

The competent authority for passing upon the *bona fides* of projected banks in Canada is, of course, the Department of Finance. At present it has under consideration the prospectus and plans of the much-heralded National Bank of Canada—the proposed institution whose general meeting of shareholders is called by Secretary F. H. Malcolm for the 26th inst., at Winnipeg.

Rightly or wrongly, the opinion is abroad that objections are likely to be raised by the authorities at Ottawa to certain features of the prospectus, and to certain aspects of the scheme's development. The matter being now in the hands of the Department, it is in a sense *sub judice* until the verdict of "to be, or not to be" is rendered. The public is, however, entitled to some history of the project. Following back its various announcements and somewhat varying prospectuses, the facts would seem about as follows:

Three years or so ago there was formed in Winnipeg, The Agricultural Bank Syndicate. The immediate effort of this organization seems to have been to interest British investors in the formation in London of The Canadian Banking Corporation, to be associated with a proposed Winnipeg bank termed The Colonial Bank of Canada. Later, the promoters announced their design to enter upon the organization of two banks. At the last session of Parliament a charter was granted for the Colonial Bank of Canada, but the organization seems to have lain somewhat dormant until a vigorous flotation campaign was started, on the eve of the charter's expiration, by Mr. F. H. Malcolm. Power of attorney as active organizer seems to have been granted to Mr. Malcolm by forty-seven of the original members of the Agricultural Bank Syndicate or their transferees. While these form a majority of the charter members of the non-charterless Colonial Bank, a number of the members have apparently not entered into the secretary's plan for getting Parliament to revive the expired charter with a change of name to that of The National Bank of Canada, and an increase in capital from \$3,000,000 to \$10,000,000.

Aside from the proposed allotment of bonus stock to holders of foundation shares, and certain points in the bank's prospectus that do not seem in conformity with the provisions of the Canadian Bank Act, the style of its widespread advertising is not of a sort to inspire the confidence of experienced investors. THE CHRONICLE interviewed this week a Winnipeg gentlemen closely in touch with Western business and financial affairs. Although he is himself an advocate of the establishment of Western banks, his expressed judgment regarding the National Bank was not highly favourable. "My opinion," he said, "has varied somewhat—but it has never reached the point of my putting money into the scheme. It may be all right; but frankly, the style of the prospectus strikes me as much better adapted to an industrial company than to a banking institution."

A JOINT CONFERENCE of importance was held in Toronto last week between the executives of the Canadian Life Officers' Association and the Life Underwriters Association of Canada.

Prominent Topics**The Passing of the Dividends.**

The action of the Detroit United Railway, and Toledo Railways & Light Companies in passing their dividends was the financial sensation of the week. Toledo, in point of time, was the first to make the move, but in result Detroit is an unenviable first. It was well known for months that the dividend on the heavily capitalized Toledo road was none too firmly assured and that large demands for permanent improvements, both in the railway and the lighting departments were being paid from earnings. Later still it was, more or less officially, stated that the question of discontinuing the dividend was being seriously discussed. The actual event was therefore anticipated and the reasons given in the circular for the decision of the directors were well received, as the policy seemed a conservative one under the present conditions of the road.

The Detroit announcement, however, was a bombshell. Here was a company paying dividends for years, first at 4 p.c. and then at 5 p.c. in quarterly instalments, with a surplus of over \$1,500,000, with earnings published weekly showing consistent increases over the previous year, and without a word of warning the shareholders are informed that their dividend, their income on their investment, has been spent for permanent improvements which should ordinarily have been otherwise provided for. The *sad* part of the affair, is that the stock is largely held by investors who look to the dividend as part of their living income and to this portion of the shareholders the blow is a severe, and they think, quite unnecessary one. The *black* part of the affair, from a stock market point of view, was the heavy selling of the stock, at declining prices down to 50, on the day previous to the announcement; and the next day it touched 28½. People who never heard of "The Crime of Amalgamated" will long remember "The Crime of Detroit."

Comment on New York Markets.

The bank statement of Saturday last showed an increase of about \$2,000,000 in surplus reserve owing to a substantial cash gain. Still, the surplus of \$4,650,000 was not much more than one-third that of last year, the ratio of reserve to deposits being 25.4 p.c. as against 26.2 p.c. in 1906. During the same week last year sterling rates on London were from 4.85 to 4.84 10—as against 4.86 20 a week ago. Of course the banks are not in shape to export gold—rather, they are wanting imports. As these are not likely to be easily forthcoming this year, and as the height of the harvest demand is not yet, the money situation is one for careful handling. Secretary Cortelyou is reported to have put out over \$25,000,000 and his action enabled the banks to actually gain from the sub-Treasury during last week, while losing a few hundred thousand dollars to the interior.

On the stock exchange the week brought some severe price-decline—especially in steel stocks.