

and the \$602,700 becomes \$75,337,500 as the sum, in round numbers, which each of those societies should have on hand, if they are to meet the liabilities, in full, which they have already undertaken.

What Should Be On Hand.

As will be seen from the foregoing table, all three combined have only \$30,023,873, whereas it seems fairly apparent that about \$225,000,000 should be on hand at the present time. And this large sum should be increased, in the next five years, to something like \$427,000,000, in order to pay every dollar of the \$1,067,522,000 now on the books of those three larger societies. The difference between those two last sums (viz., \$640,522,000) is what has to be hereafter collected from the present members, together with 4 per cent. interest per annum upon the accumulated funds. That is, if each certificate of \$1,000, \$2,000, or \$5,000 is to be honored in full, year by year, until claims for the \$1,067,522,000 are duly discharged in the proper manner.

CANADIAN SUNSET OIL COMPANY.

Will it Make Money for Western Canada and Other Investors?—Prospectus Chiefly Written in the Past and Future Tenses—Some Questions for the Company.

"If you can't think, reason and analyze a proposition for yourself, you can't hope to acquire your share of the world's wealth." This is an extract from the prospectus of the Canadian Sunset Oil Company, Limited, which publication is not so remarkable for what it contains as for what it omits. This concern is advertised in Western Canadian papers and has its head office at Winnipeg, with a branch in Vancouver. The officers hail from those cities, while the address of the field manager and superintendent is Maricopa, California. The prospectus is written largely with the aid of the future tense and the help of the anticipatory spirit. It states that a forty acre lease of property was acquired from the Kern Sunset Oil Company and has eighteen and one-half years of legal life. "The property was formerly drilled by the Loma Vista Company, a California corporation. Non-compliance with the provisions of the lease resulted in its cancellation and forfeiture and its acquisition by the Canadian Sunset Corporation." On this property two wells "were producing upwards of two hundred barrels per day when the property became entangled in litigation. * * * The Canadian Sunset Corporation thus gets the benefit of \$13,000 which the Loma Vista people paid to the Kern Sunset Oil Company as a bonus for the lease, together with their improvements, machinery, boilers, etc., amounting to thousands of dollars, and two completed wells ready to produce oil."

What Is History of Litigation.

The investor will naturally want to know the nature of the litigation in which the previous owners of the Canadian Sunset's property was involved. Again, it is necessary to learn why two companies, the Kern and the Loma Vista, apparently thought it well to drop their interests in the property under review. One, we are told, did not comply with the provisions of the lease. What were those provisions?

It is difficult to learn from this prospectus whether the company is actually producing and marketing oil. The pamphlet states that on one property work begins in a few weeks. Regarding the Lady Washington property, "Manager King decided to go 400 feet deeper." The Lakeview is described as a "tremendous gusher, flowing upwards of 50,000 barrels per day, representing a money equivalent of approximately \$800,000 per month." Has the company sold and received cash for one month's output from the Lakeview property?

Question of Figuratively and Literally.

Other future tense phrases include. "Mr. King expects a big well"; "three great producer fields will be connected"; "we will begin work here within the next few weeks"; "they expect to get oil at 1,400 feet"; "I look at this property to be one of the biggest assets"; "the property when drilled will hold forty wells"; "but time will come when this 640 acre tract will be shown equally productive." These are a few examples and indicate that the company has much development work ahead of it.

We are told in the prospectus that "figuratively speaking the company does not owe a dollar." Does it literally owe a dollar? The owners of the property, we are informed, knowing the character of the men with whom they were dealing, and having implicit confidence in the intrinsic value of the land, were only too glad to take part stock instead of all cash for their interests. The prospectus asks a very necessary question. "If this is such a good thing why is the public let in on it? The given answer is that the men financing this corporation, 'although men of ample means, have not enough ready money at their command.'"

As to the Capitalization.

Further, we are told, "it takes money and lots of it to make an oil company a big dividend paying institution."

This requires qualification. The capital of the company is \$2,000,000, divided into 2,000,000 shares, with a par value of \$1. Are we to believe that the large sum of \$2,000,000 is necessary for the actual development of the Canadian Sunset Oil Company's properties? Surely a much smaller sum should be able to inspire a prospectus written in the present tense. It should give some substantial figures as to the cost of production on the company's property, the cost of marketing, the profits, and so on. The pamphlet's chief figures concern acreage, the company's capital, and how cash is to be paid for its stock. Does the company really believe the statement made in the prospectus that "there should be millions of money to be divided?"

Manager King's reports on the various holdings contain many "wills" and "shoulds." Such and such "will be produced"; "the production should be the same"; "this should be one of the banner wells"; "there is nothing to indicate any cause why this property should not be just as good." The Monetary Times thinks that Mr. King, "E. M. and geologist," lays himself open to criticism when he states "the chance of a gamble is wholly eliminated."

Of A Broad Statement.

Speaking of eighty acres, the geologist states that "from a productive standpoint the production would be the same one acre as another." Such a statement obviously would require an examination such as a reputable mining engineer would make respecting ore reserves. Oil in its erratic disposition is similar to mineral. A broad statement that eighty acres will each have the same production as the other is questionable.

The prospectus describes the stock offering as unique. A block of 250,000 shares treasury stock is to be sold for the purpose of raising additional funds to put to work more drilling rigs. "The more oil produced, the bigger the revenue of this corporation." Are we to understand that the company propose to develop simultaneously its various properties ore to concentrate first on one particular holding? What machinery does the company own, and at what is it valued? How much more machinery does the company require and what will be its cost?

Under Stress of Dire Necessity.

"While this is a \$2,000,000 corporation, the by-laws of the corporation limit it to a \$1,000,000 concern virtually." Therein is a curious situation. Are the by-laws printed and have they been distributed to shareholders? A \$2,000,000 company and yet virtually a \$1,000,000 firm! Here is the reason: "Because there is a stout and firm provision in the corporation articles of association which absolutely forbids the disposal of more than 1,000,000 shares, except by a majority vote of the board, and then this stock is to be sold only under stress of dire necessity." What are the articles of association? Who are the members of the board? And what limit or definition has been placed on the term "under stress of dire necessity?"

Five hundred thousand shares, together with a cash consideration, were paid to the owners of the various leases and to the proprietorship of 640 acres. This leaves 500,000 shares to be sold in addition to the "dire necessity" million. "There are no salaries to officers." What interest, then, have the officers in the company? One million shares come under the "necessity" provision, five hundred thousand were paid to the former owners of the leases, and five hundred thousand shares are "to be sold." That accounts for the two million shares.

Bare of Useful Facts.

A schoolboy could easily pass judgment on this prospectus as being bare of the facts necessary for an investor to judge intelligently of the dividend and other prospects of the Canadian Sunset Oil Company, Limited. As the prospectus says: "If you cannot think, reason and analyze a proposition for yourself, you cannot hope to acquire your share in the world's wealth."

Mr. John N. Redmond, President of the Royal Loan and Trust Company, and President of the Canadian Sunset Oil Company, has seen fit to address a curious communication to the press. He says in part, "That I have been criticized by the banking and loan fraternity, as a banker, for my name to be linked with a speculative or investment enterprise is not bothering me. I flatter myself I know my business, and shall not permit traditions, time-honored and shop-worn though they be, to interfere with my business."

I say to those money mobilizers, the banks and their retinue, you attend to your own business; I shall not ask any assistance from you in the conduct of mine."

How the President Stands.

Mr. Redmond hopes that he may be permitted to have his choice in the matter of investing his own money. Five weeks and many sleepless nights, he adds, were spent on railway trains and in the oil fields of California before his mind in the matter was set. "I have invested considerable of my own money; what others do with theirs is a matter about which I shall not concern myself."

That is a peculiar stand for the president of an oil company which, through newspaper advertisement and other mediums, asks for capital. A little less of this heroic oratory and a few more substantial figures and facts regarding the Canadian Sunset Oil Company's property and prospects would prove of value.