

A PLAIN REPLY

FROM

FINANCIAL SERVICE LIMITED

TO THE

NATIONAL CEMENT COMPANY

Montreal, September 25, 1924.

NATIONAL CEMENT COMPANY,
90 St. James Street,
Montreal.

Sirs:—

We acknowledge receipt of your letter of the 22nd inst., and note that same appeared simultaneously in the advertising columns of the local papers.

Our first reference to the proposed National Cement Company's Bond Issue appeared August 22nd, 1923. On the date of publication, your representative called upon us and claimed that our statements were incorrect, and promised to send us a statement of the Company's affairs within ten days. Since then, we have not had any communication whatever from you until your letter of the 22nd inst., nor have we received any statement.

The information we published about National Cement was based on your own sworn statements to the Department of Public Utilities of Massachusetts and various printed circulars issued by your financial agents.

Inasmuch as you did not deliver your promised statement, we felt justified in assuming that the information we had concerning your Company was correct, and, accordingly, from time to time we have referred to your issue in our publication, and so continued our policy of giving to the public information relative to issues that come to our attention, in order that prospective investors may be in a position to judge of the merits of the same.

That we were correct in our views and justified in our comments is, in our opinion, confirmed by the editorials to the same effect which have appeared in some of the leading Canadian financial journals.

To refer to specific points to which you have taken exception in your letter:—

1. The figure of \$35,000, stated by us as being the land assessment value, was obtained from the 1922-23 assessment roll of Montreal East. This valuation may or may not have been recently increased, but it is still noted that your balance sheet of March 1st, 1924, gives land, raw material (quarries) as valued at \$2,949,575, so that your own valuation of \$121,650 for rock deposits would not appear to affect our previous comments as to the value represented by the land and the consideration given for the issue of \$317,000 preferred and \$2,500,000 common fully paid.

2. In connection with the amount received by you for your preferred stock, we stated that the Company would net \$75 per share from its public issue, and this statement was based on your letter of April 17th, 1923, to the Department of Public Utilities of the Commonwealth of Massachusetts, and also on the information contained in a copy of contract dated March 2nd, 1923, between the New England Building and Development Corporation and the National Cement, filed with the Department of Public Utilities of Massachusetts.

We think it a fair deduction to assume that your figure of \$86.50 per share is arrived at as follows:—

4,455	shares sold at par, of which 3,170, together with 25,000 common shares, were issued fully paid as consideration for lands, services, etc., transferred to the company by the promoters.....	\$445,500
5,795	shares sold at \$75 per share.....	434,625
10,250	shares	\$880,125

The above represents, we understand, shares sold prior to March 1st, 1924, which would accordingly average approximately \$86.00 per share, but in arriving at this figure, 3,170 shares issued fully paid-up have been included, and it cannot be claimed that \$86.50 was the amount received from the public issue.

3. Your third exception is not sufficiently definite to permit of an answer, and the amount of the proceeds from the sale of your bonds and preferred stock would depend on the method of calculating the proceeds from the preferred stock, with which we have already dealt.

With respect to your offer to satisfy the auditing firms named in your letter in regard to the above, it would seem in the interest of the public that you do so. We note, however, that your offer is limited to the three points mentioned, and which we have already dealt with. It would be more in the public interest if you satisfy the firms mentioned on all matters relating to the company's affairs and its promotion, in order that they may report on the soundness of your securities as an investment.

In all our published statements, we are at all times actuated by the sole desire to serve and protect the investing public, and your erroneous and malicious assertion that we have been abetted in publishing our articles is denied, and your statement to this effect, together with other statements of a similar nature in your letter, are deserving of no further comment.

We note you threaten legal action, which you are at liberty to take as you see fit, and, if taken, service will be accepted at this office.

This letter will be published tomorrow at our expense.

FINANCIAL SERVICE LIMITED