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BANKING IN MINING CENTRES.

In The Banker's Magazine (New York), for May is an interesting account of banking conditions in Goldfield, Nevada. Goldfield, as the readers of THE CHRONICLE know, is one of the richest and most famous gold mining camps in the world. Besides the interest which it has on that account, the description has value in that it conveys some idea as to the banking conditions prevailing in the famous Canadian camps, Cobalt and Dawson City in particular.

Gold was first discovered to be plentiful at the place where Goldfield now stands in the fall of 1902. For the first two years after the discovery people came in very slowly, the population being only 150 in the fall of 1904. Now there are said to be 18,000 people living there. The writer of the article, Charles W. Reihl, claims to be acquainted with almost all the most noted cases of bank development in the United States, and declares that he knows of none to surpass that of Goldfield. The place has three banks and three trust companies, the business of the latter consisting largely of stock brokerage and promotion. The first bank to open was the State Bank & Trust Co. To quote Mr. Reihl, "The State Bank & Trust Company's main office is in Carson City; its capital is \$200,000. It has offices in five different towns: Carson City, Goldfield, Tonopah, Manhattan and Blair, Nev. The Goldfield Branch opened for business in July, 1904, and on the opening day the deposits amounted to \$16,000. Six months later they were \$200,000 and on March 15, this year they were \$2,000,000 with 1,500 different accounts. The loans and discounts amount to \$1,100,000. Dividends paid by this branch amount to \$210,000."

The next bank to open was the Nye and Ormsby County Bank. This also is a branch bank. As they declined to give the figures for their Goldfield branch the deposits are estimated to be \$1,000,000.

The third bank to open was a private bank—that of John S. Cook & Co. It opened in January, 1905. On the first day the deposits were \$30,000. In a

year they had grown to about \$1,000,000, and on 15th March, 1907, to more than \$6,000,000, with 2,500 accounts. The loans and discounts at the same date were \$2,000,000. At the opening the paid-up capital was \$50,000. Incorporation was secured at the end of 1906, and the capital raised to \$250,000. In the 2 years the bank has paid \$148,000 in dividends.

So much for the condition of the banks as claimed by them. It will be interesting next to ascertain the kind of business they do.

Like the banks in numerous other places in the States the Goldfield banks pay no interest on deposits. And on their loans the usual rate is 12 p.c. It is easy to discover the source of the large profits and of the big dividends. The following paragraph, quoted from the article, sheds considerable light on the banking practice. "Very few loans are made without being secured by good collateral, and then for only about one-third of its value. The bankers in the West and South usually look upon overdrafts by responsible parties as loans, but in the East—the extreme East—the average banker looks with horror upon overdrafts. The banks in this section allow responsible parties to overdraw their accounts and then charge them interest on the overdraft. In most cases these overdrafts are as good and as safe as the commercial paper held by the eastern bankers."

In their way of regarding overdrafts generally, bankers in Canada stand with the eastern rather than with the western and southern bankers. There are several reasons why they prefer to have the debts due to them in the form of notes and bills rather than open accounts.

And with regard to the practice generally, it is not to be thought that the Canadian mining camp branches would be run on the same principles as the banks in western mining camps in the States. The branches in the mining districts are, just the same as branches in farming and other districts, absolutely controlled by the head offices in Montreal and Toronto. There is no danger of the central authority being carried away with the enthusiastic optimism that always prevails at a successful mining camp. If a local manager shows signs that he is becoming infected the probability is that he will be promptly removed to another locality. Even under our system, where the mining branches receive the best of cool-headed expert management directed from an outside zone, there are plenty of risks not found at branches where ordinary commercial business only is transacted. The mines swarm with adventurers and with hot-headed enthusiasts. Though the wild-cat gentry aim especially at ensnaring the most ignorant class of investors throughout the country, the banks have to