

THE DOMINION TELEGRAPH COMPANY.

WE hope our readers will forgive us for occupying so much of our space with the affairs of this nearly defunct corporation; but as the finishing touches are now being put to it, we desire only to keep the public posted as to the latest phases of the matter. Some two weeks ago, the Shareholders in Quebec who had subscribed for stock to the extent of \$25,000 and had paid the first call of five per cent. thereon, met together and deputed Mr. Owen Murphy to proceed to Toronto in their behalf to investigate the charges which the *Trade Review* had made, and which had so effectually destroyed the confidence of the public. They were dissatisfied with the long promised and tardily given explanations contained in the document issued by the President and Directors, and hence very wisely concluded to investigate the matter through a representative sent by themselves. They could not have chosen a better man. Mr. Murphy, who, notwithstanding a strong personal friendship for Mr. Cayley, could not be misled thereby, and being a thorough man of the world, was just the individual who would be the quickest to discover a swindle, and as quickly apply its proper name thereto. We hear that he placed himself in communication with a number of the leading men of Toronto, and that a special meeting of the Board of Directors was called for the purpose of affording him all the information he sought. He had abundant opportunity, which has never yet been afforded to anybody else, to investigate the matter, and was permitted to ask questions and satisfy himself thoroughly as to the claims of the Company to the confidence of those whom he represented and of the public generally.

Having been placed in this position, the public, and especially the Shareholders all over the Province, are very naturally anxious to hear the conclusions to which Mr. Murphy has arrived,—for upon these conclusions will depend in what estimation the enterprise is to be held. Mr. Murphy occupies the position of a judge as between the Dominion Telegraph Company on the one side, and those parties who, in the *Trade Review* and elsewhere, have alleged such grave charges against the Company, on the other. The case has been fully presented to him by both; he has had ample opportunity for investigation, and we are thoroughly convinced that an honest verdict will be given.

We do not seek to anticipate what that verdict will be, and inasmuch as the report has not yet been made we cannot definitely conclude what shape it may take; but from the following from a correspondent, we judge that all the allegations we have made against the company are fully borne out. We hope Mr. Murphy will not fail to make his report at an early day; in the meantime we may say, that our correspondent has good sources of information, and is not likely to be deceived in the term of Mr. Murphy's conclusions:

QUEBEC, April 12, 1869.

Editor Trade Review:

It may interest you to know what the result is of the mission of Mr. Murphy, who went to Toronto on behalf of the Quebec stockholders of the Dominion Telegraph Co., to investigate the affairs of that concern. He has not yet, so far as I can learn, made any report but he is quite free in his remarks as to the conclusions to which he has arrived. I learn from stockholders who have called on him that he is quite decided in the opinion that the enterprise is entirely unworthy of public confidence. That its Directors, however respectable, seem to know little really as to the condition of the affairs of the Company, and that Mr. Reeve, the contractor, appears to have the controlling influence. I should judge by what I hear that Mr. Murphy thinks the only hope for the Dominion line is to get rid of Mr. Reeve, but that Mr. Reeve cannot be got rid of so easily; indeed setting \$200,000 as the price which he must receive before he relinquishes his contract and quits the concern. Of course this cannot be paid him, and there seems no hope whatever, for the success of the line. Whether the Quebec Stockholders will resist the payment of further calls, or throw the whole matter into the Courts, is yet to be determined. It is pretty evident that if they are guided by the conclusions so freely expressed by Mr. Murphy, they will never pay another cent towards Messrs. Snow & Reeve's gigantic scheme of plunder.

Yours truly,

MERCATOR.

THE NEW ENGLISH BANKRUPTCY BILL.

WE print below, from the London *Economist* some of the principal clauses of the Bankruptcy Bill which has been introduced by the English Attorney General. In criticizing the principles of the Bill, the *Economist* finds some fault, and thinks it less perfect than was expected from the sketch given by the Attorney General. It objects to the necessity of selecting a trustee or assignee from among the creditors; but think that the clause thus restricting the choice of a trustee must have been inserted through an oversight, as special merit was claimed for the Bill in that it would lead to the training up of a class of professional trustees whose success would be dependent on the manner in which they administered estates committed to their charge. Nor does the *Economist* think that, even with the permission to select professional or outside trustees, any valuable end would be attained in England, for the reason that these creditors are too careless to properly watch over their own interests, although in Scotland the system had been found to work satisfactorily. Here in Canada, we have gone a step farther, and have not merely professional but official assignees. The question arises whether this appointing of assignees by Boards of Trade, or otherwise, has not resulted in neutralizing whatever benefit might in course of time have resulted from leaving the competition open and not interfering with creditors in the appointment of a person to look after their interests and to wind up the estate of an insolvent debtor.

The *Economist* especially takes exception to the clauses regulating the subsequent liability of the bankrupt and the granting of his discharge, and there are very good grounds for its doing so. According to the Bill, if the estate shall have paid 10s. in the pound the debtor must get his discharge; or if, within five years after the bankruptcy has closed, he pays sufficient to make the total payment to his creditors equal to 10s., then too he becomes entitled to his discharge. He is also given his discharge if it can be proven that the estate might have paid the necessary dividend except for the negligence or fraud of the trustee, or if a special resolution of the creditors has been duly passed to the effect that the bankruptcy has arisen in their opinion from unavoidable misfortune, and they desire that a discharge should be accorded to him. The declared intention in introducing these clauses was to offer inducement to the trader becoming insolvent to bring up in time, and not to carry on till his estate was all gone. But under them he receives a direct invitation almost to squander until he just reaches the point up to which he knows he can obtain legal protection from his creditors; and should he pass that, he has still a chance left during five years—in which he is safe from any proceedings—to regain the ground he has lost. If our Government decide to adopt the idea at all, we hope they will do so in such a way as to make it really an inducement for an insolvent to stop in time, by, as we have already suggested, withholding the discharge for a longer or shorter time on a graduated scale according to the richness of the dividend.

In the English Bill, it is also provided that no debt proveable under the bankruptcy can be enforced against the bankruptcy during five years from the close of the bankruptcy; but after five years have elapsed, if the bankrupt has not then received his discharge, any balance of debts remaining due may be enforced. This appears to us the strangest provision of all, and we think would practically result in leaving many an honest but unfortunate man beyond the benefit of the Act altogether. It must be remembered that all the property of the debtor has to be given up that he is quite stripped of means wherewith to commence business again, that no one would be likely to lend to him with knowledge of the risk of the new loan being swept away by the old creditors in case of want of success during the five years of grace; and the probabilities are that except where the liabilities were small, a debtor whose estate fell short of the required 10s. would have small hope of earning the sum needed. Again, it seems unjust that if the debtor should be able at any time during these five years to make up the 10s. he would get his discharge, whereas, if he fell short only one penny in the pound, he not merely would not receive his discharge, but at the expiration of the five years would be held for the remaining 1s. as well, and for all time, without any possibility of freeing himself.

The true way should rather be to punish the bank-

rupt for frittering away his property by withholding his discharge; but, provided there have been no frauds, ultimately to give him his discharge, instead of protecting him for a while and then withdrawing that protection. Either an honest bankrupt is entitled, under certain formalities, to a legal discharge, or he is not so entitled. We take the humane side of the question; but it would be inconsistent for us at the same time to argue that misfortune, provided it only came suddenly enough on a man in business, could be a reason for placing him forever beyond the hope of legal relief from his debts. There are those, of course, who are in favour of permitting creditors to give or withhold a discharge at their option; but we think it will be found for the most part that such men would endeavour to use their power to extort some special advantage from their debtors, and would not be inclined to err otherwise on the side of mercy. We confess to the naturalness of the feeling which makes people anxious not to lose any more than they can help; but it is of less importance in our estimation that a few men should have a heavier loss than that a large number of unfortunates should be driven from the country through the hardheartedness of perhaps a single creditor in each case.

We give space to the clauses which follow of the English Bill, that our readers may see for themselves the course which legislation in England will likely take on this all-important question; and to enable them to form an intelligent opinion with regard to the desirability of embodying in a Canadian Act the principles which have been followed—though only partially—in preparing the Imperial Bill.

The following are some of the principal clauses in the Bill:—

THE ADJUDICATION OF BANKRUPTCY.

6. A single creditor, or two or more creditors if the debt due to such single creditor, or the aggregate amount of debts due to such several creditors, from any debtor, amount to a sum of not less than fifty pounds, may present a petition to the Court, praying that the debtor be adjudged a bankrupt, and alleging as the ground for such adjudication any one or more of the following acts or defaults, hereinafter included under the expression "acts of bankruptcy."

- (1.) That the debtor has made a conveyance or assignment of all his real and personal estate to a trustee or trustees for the benefit of his creditors;
- (2.) That the debtor has made a fraudulent conveyance, gift, delivery, or transfer of his real or personal estate, or any part thereof;
- (3.) That execution issued against the debtor on any legal process for the purpose of obtaining payment of not less than twenty pounds, has in the case of a trader been levied by seizure and sale of his goods, and in the case of a person not being a trader been returned unsatisfied in whole or in part;
- (4.) That the creditor presenting the petition has served in the prescribed manner on the debtor a demand under his hand requiring him to pay a sum due, of an amount of not less than fifty pounds, and stating that in the event of non-compliance with the demand, a petition will be filed against him praying that he may be adjudicated a bankrupt, and the debtor being a trader has for the space of seven days, or not being a trader has for the space of three weeks, succeeding the service of such demand, neglected to pay such sum, or to secure or compound for the same to the reasonable satisfaction of the creditor:

But no person shall be adjudged a bankrupt on any of the above grounds unless the act of bankruptcy on which the adjudication is grounded, has occurred within two months before the presentation of the petition for adjudication; moreover, the debt of the petitioning creditor must be a liquidated sum payable at the time when the petition is filed, and must not be a secured debt.

9. A copy of an order of the Court adjudging the debtor to be bankrupt, shall forthwith be published in the *London Gazette*, and be advertised locally in such manner (if any) as the Court may direct, and the date of such order shall be the date of the adjudication for the purposes of this Act.

10. The bankruptcy of a debtor shall be deemed to have relation back to and to commence at the time of the act of bankruptcy being completed on which the order is made adjudging him to be bankrupt, and when more acts of bankruptcy than one are alleged in a petition, the order shall state the particular act of bankruptcy on which the order is made.

APPOINTMENT OF TRUSTEE.

13. When an order has been made adjudging a debtor bankrupt, hereinafter referred to as an order of adjudication, the property of the bankrupt shall become divisible amongst his creditors in proportion to the debts proved by them in the bankruptcy; and for the purpose of effecting such division the Court shall summon a general meeting of his creditors, and the creditors assembled at such meeting shall and may do as follows:—

1. They shall, by resolution, appoint some fit person being a creditor, to fill the office of trustee of the property of the bankrupt, at such remuneration as they may determine, subject to any prescribed regulations;
2. They shall, subject as aforesaid, by resolution, de-