

sible claims. The interest bearing assets of the company amount to nearly \$10,000,000, a great fund from which to not only furnish generous dividends, but to ensure the absolute security of the policy-holder.

POSITION OF UNSECURED CREDITORS OF RAILWAYS.

A decision which is of decided importance to investors and to creditors of corporations was rendered the other day by the United States Supreme Court. This judgment was in the case of the Louisville Trust Company against the Louisville, New Albany & Chicago Railway Company. It seems to us a just decision. Suit had been brought in behalf of holders of nearly \$1,000,000 of floating debt of the railroad to set aside the decree of foreclosure and sale, which, if allowed to stand, would extinguish the floating debt. The trust company alleged that a combination had been entered upon by the bond and stockholders to have the road foreclosed and sold, and to issue securities to the stockholders as well as the bondholders after reorganization, wiping out the debts and liabilities to unsecured creditors. The petition of the trust company was denied in the lower court, but is now granted, and the confirmation of the sale will be set aside until the Circuit Court has made enquiry into the allegations of the floating debt holders.

Justice Brewer wrote the opinion of the court, which was concurred in by all the judges except Justice Peckham. The general rule laid down in the opinion is one of absolute equity, and whatever may be the merits in this particular case, its application in general will furnish a much needed protection to creditors of large corporations which become insolvent. The court takes the view, following previous decisions, that a railroad is not simply a private property but also an instrument of public service, and that the character of its business and the public obligations which it assumes justify a limited displacement of contract and recorded liens in behalf of temporary and unsecured creditors. The foreclosure of a railroad mortgage the court decides must be carried on in the interest of all parties who have any rights in the mortgaged property, whether as mortgagee, creditor or mortgagor. The opinion then says: "Assuming that foreclosure proceedings may be carried on to some extent at least in the interests and for the benefit of both mortgagee and mortgagor (that is, bondholder and stockholder), we observe that no such proceedings can be rightfully carried to consummation which recognize and preserve any interest in the stockholders without also recognizing and preserving the interests, not merely of the mortgagee, but of every creditor of the corporation. In other words, if the bondholder wishes to foreclose and exclude inferior lienholders or general unsecured creditors and stockholders he may do so, but a foreclosure which attempts to preserve any interest or right of mortgagor in the property after the sale must necessarily secure and preserve the prior rights of general creditors thereof. This is based upon the familiar rule that the stockholder's interest in the property is subordinate to the rights of creditors; first of secured and then of unsecured creditors. And any arrangement of the parties by which the subordinate rights and interests of the stockholders are attempted to be secured at the expense of the prior rights of either class of creditors comes within judicial denunciation."

After considering some of the circumstances connected with the case under consideration the opinion proceeds: "It is no answer to these objections to say that a bondholder may foreclose in his own separate interest, and, after acquiring title to the mortgaged property, may give what interest he pleases to anyone, whether stockholder or not, and so these several mortgagees foreclosing their mortgages, if proceeding in their own interest, if acquiring title for themselves alone, may donate what interest in the property acquired by foreclosure they desire. But human nature is something whose action can never be ignored in the courts, and parties who have acquired full and absolute title to property are not as a rule donating any interest therein to strangers. It is one thing for a bondholder who has acquired absolute title by foreclosure to mortgaged property to thereafter give of his interest to others, and an entirely different thing whether such bondholder, to destroy the interest of all unsecured creditors, to secure a waiver of all ob-

jections on the part of the stockholder and consummate speedily the foreclosure, may proffer to him an interest in the property after the foreclosure. The former may be beyond the power of the courts to enquire into or condemn. The latter is something which on the face of it deserves the condemnation of every court, and should never be aided by any decree or order thereof. It involves an offer, a temptation, to the mortgagor, the purchase price thereof to be paid, not by the mortgagee, but in fact by the unsecured creditor."

NORTHERN LIFE ASSURANCE COMPANY.

The management of this company does not appear to aim at a great volume of business, secured by extraordinary exertions, but rather to write business that is desirable and likely to remain. This is made plain by the sensible remarks of the president, Hon. David Mills, at the annual meeting. To push business without regard to its safety they "would have been obliged to employ agents of whose fitness they could know nothing." Instead of this the company has secured some well qualified men who have proved successful in securing business. There will be no two opinions, in the minds of those qualified to judge, as to the propriety of such a cautious course, looking to the future up-building of the company. The business thus far has been done in Ontario, but general agencies have been established in Manitoba and British Columbia. Particulars given in the report show the nature of the policies thus far issued and the average age of policy-holders. A gratifying increase is shown in the extent of business done last year, and thus far this year, and the capital stock paid up is about \$200,000. The company's affairs appear to be very well looked after.

NATIONAL LIFE ASSURANCE CO. OF CANADA.

In less than four months from the launching of its prospectus the National Life Assurance Company of Canada is able to present to the insuring public a good organization, a first-class board of directors, and the framework of a modern life company, offering the latest and most popular plans of life assurance. This is prompt work, for this is a good-sized country to cover, and besides, the preparation of agreements, policy forms, and the many items that go to make up the literature of a life-underwriting company is not a slight task. Mr. R. H. Matson and Mr. Sparling, the secretary, must therefore have been very much occupied. Another man who has done good work in the formation of the company is Mr. J. S. H. Matson, who after placing stock and forming local boards for the National in British Columbia, has just returned from a visit to the Maritime Provinces, where he had been on the same errand. The company's head office board is now composed of the following gentlemen: H. S. Howland, president; Elias Rogers, vice-president; W. D. Long, Hamilton, second vice-president; R. H. Matson, managing director; T. C. Irving, J. L. Spink, James J. Foy, Q.C., A. S. Irving, Wm. Stone, G. W. Beardmore and J. N. Shenstone, of Toronto; Hon. W. Beaven, Victoria; Geo. L. Milne, M.D., G. A. Hetherington, M.D., Jno. D. Chipman and H. McC. Hart, Halifax; J. N. Greenshields, Q.C., and H. Laporte, Montreal; R. W. Hobbs, London. These are representative men in their several communities, what is more they are all both general and local, we are told, holders of considerable shares in the company. There are local boards in the cities of Montréal, Victoria, St. John and Halifax, whose names we hope to procure in the course of another week or two. Truly the National has made a good start, and Mr. Matson is to be congratulated.

A SMALL ESTATE REALIZED.

A description of the realization of a trader's estate is sent to us from Manitoba. It consists of some twenty lines of debit and credit entries written with appropriate totals, and a pencilled memorandum at foot explaining some of the assignee's procedure. We shall endeavor to fill out the description of the career of the estate from these rather meagre items. H. A. Holman was a fruit dealer and confectioner in Winnipeg. His effects passed into the hands of W. K. Watson, assignee, R. R.