

## STOCK DIVIDENDS AND THEIR VALUE

The "melon" is unquestionably one of the strongest stimulants that can be applied to speculative markets—the very nickname shows what traders think of it. It is looked upon as a rich and juicy prize which is handed out to stockholders by the kindly and thoughtful directors of the company.

The man from Mars might have difficulty in understanding this point of view. A share of stock is just what it says—a certain share or fraction of the ownership of the company. It doesn't increase the value of the company in the least to split it up into more fractions. You are no better off to own 200 shares out of 200,000 outstanding than you were when you owned 100 out of 100,000 outstanding. You still own the same fraction of the company.

Apparently the owner of the stock should disregard the stock dividend with a lackadaisical indifference. It leaves him just where he was before. Why get excited?

After the new stock is distributed to the stockholders, there is then more stock outstanding against the same property than there was before, and even though it pays the same dividend rate it could not reasonably be expected to sell as high. There is less behind it, and under ordinary conditions the earnings per share must be smaller than for the old stock. So the price of the new stock should naturally be less than the price of the old stock before the rights were issued.

## EFFECTS OF INCREASING COMMISSIONS

In an interesting article on the subject of agents commission on farm business, the *New York Journal of Commerce* quotes one Manager as saying:—

"This is only a reminder that repeatedly have officials and managers of companies told their agents that higher commissions necessarily mean more agents and logically increased competition. It seems now that the Texas agents are just awakening to the fact. Graded commissions have only been

in force in that State about two years, and almost immediately it would appear that, this higher compensation has brought hundreds of new agents into the business where 15 per cent. flat did not before attract them. Real estate men and others controlling city and outlying dwelling properties in numerous cities and towns are now being attracted by the 25 per cent. commissions paid on this class and more are yet to be heard from.

"In the city of Louisville a prominent bank and trust company, no doubt induced by the high commissions paid under the Western Union excepted city rules, has gone into the business of fire insurance and agents are protesting. Thinking underwriters believe that this and other instances of high commissions may be an object lesson to be taken advantage of both by associations of companies and local agents."

## GASOLINE AND ITS DANGERS

"A good servant, but a horrible master," This trite saying fully describes gasoline. On account of its great volatility, some small leak or careless handling in a confined space may be productive of most disastrous results. The vapor, because of its weight, immediately falls to the floor, and may reach considerable proportions before detection. The symptoms of gasoline poisoning are similar to that of alcoholism. First, there is experienced a feeling of exhilaration, followed by giddiness. The victim soon becomes overcome and falls to the floor, where the vapor completes its deadly work. While the odor is plainly perceptible, perception rapidly decreases as one works around a leaky pipe or machine. Many accidents have occurred in this manner. Gasoline, as stated before, does not readily mix with air, and its vapor may at times have just above the floor sufficient volume to form a high explosive. This explosive can readily find a source of ignition in the back-firing of an automobile or the striking of a match, and may even be caused by a defective flash lamp. Result—ruin and possible death.

**IN ALL INSURANCE BRANCHES**  
**STRENGTH REPUTATION SERVICE**

**THE MONTREAL SECURITIES CORPORATION LIMITED**

Dominion Express Building - MONTREAL

GENERAL AGENTS FOR

The GLOBE INDEMNITY COMPANY of Canada

The CANADIAN FIRE INSURANCE COMPANY

Applications for Agencies Solicited