

TWENTY MILLION DOLLAR LEATHER MERGER

Is Being Arranged at Montreal—Latest Consolidation of Fifteen Tanneries will Control Seventy-five Per Cent. of Total Output Used in Certain Trades—The Canadian Leather Company, Limited, Will Develop Export Trade.

The organization of a company to control more than seventy-five per cent. of the total output of the leather used in the Canadian boot and shoe, bag and trunk trades, is almost completed. Its authorized capital will be \$15,000,000 stock and \$5,000,000 bonds, with an immediate issue of \$13,500,000 stock and \$4,000,000 bonds. The new concern will probably be known as the Canadian Leather Company, Limited.

We learn that the following is the proposed division of the capital:

Capital Stock—		
	Authorized.	Immediate Issue.
Cumulative preference shares, 7% ..	\$ 8,500,000	\$7,500,000
Common stock	6,500,000	6,000,000
Divided into 150,000 shares of par value of \$100 each	\$15,000,000	\$13,500,000
Bonds—		
First mortgage 6 per cent. sinking fund gold bonds due 1940	\$ 5,000,000	\$4,000,000
	\$20,000,000	\$17,500,000

Companies Likely To Be Included

The following companies are likely to be included in the consolidation:—Anglo-Canadian Leather Company, Limited, Huntsville, Bracebridge, Toronto and Montreal; C. S. Hyman and Company, London; Robson Leather Company, Limited, Oshawa and Montreal; C. Galibert Son and Company, Montreal; A. Pion and Company, Quebec; Duclos and Payan, St. Hyacinthe and Montreal; Wickett and Craig, Limited, Toronto; and Paul Galibert, Montreal. Seven smaller, but important, concerns in Ontario and Quebec will also become part of the Canadian Leather Company, which will take over the fifteen companies and partnerships, free of all liabilities.

We are informed that the turnover last year of these concerns amounted to \$9,885,000, and that the net earnings approximated \$1,000,000. By means of the consolidation a large amount, it is anticipated, will be saved in commissions on sales and in double warehousing expenses. The interest on \$4,000,000 of first mortgage bonds at 6 per cent. per annum, will call for \$240,000, and the preferred dividend of 7 per cent. per annum on \$7,500,000 preference shares will require \$525,000. This will leave available for dividends on ordinary shares nearly \$250,000.

Many Economies Are Anticipated

It is estimated that the savings effected by means of the consolidation, in the greater specializing of the various plants, purchase of raw materials, distribution of finished product and centralization of management, will amount to a large sum without any increase in the price to consumers. These economies should increase the net earnings to a sufficiently large amount as to permit early distribution of a substantial dividend on the common stock of the company. Seven of the tanneries in the consolidation have branches in Montreal and five branches in Quebec City.

Five years ago about forty per cent. of the leather manufactured in Canada was exported, owing to the limited consumption in the home demand. To-day the home demand has left less than 13 per cent. for export for which trade, however, Canada is admirably situated by reason of the ample supplies of bark and hides. The capacity of the present plants will accommodate an increase of more than fifty per cent. and to look after a further expansion in the general trade securities have been reserved to be issued under proper restrictions.

Several of the leading tanners who are in the consolidation are of the opinion that as there is a strong and growing demand for calf, that one at least of the tanneries now running on kid could be profitably turned to calf skin. There are now but two calf skin tanneries in the country.

As To Capitalization

The issue of this company's prospectus will be awaited with interest. The securities of the principal United States leather companies sell on a high basis. The first lien 5 per cent. bonds of the Central Leather Company are held by a number of the leading insurance companies of New York, and although only 5 per cent. bonds, sell in the neighborhood of par.

It is understood that the bonds of the Canadian Company are to be issued for the physical value of the real es-

tate, plants and machinery, and are protected by a sinking fund which, at the maturity of the mortgage, will reduce the amount of bonds outstanding to a small part of the issue. The preferred shares represent the current assets of the various corporations and partnerships being taken over and in addition working capital in cash. All the vendors are taking securities of the consolidated company for part, and, in several instances, for the entire purchase price. The officers and directors of the new company will be experienced leather men with a working executive composed of practical leather tanners.

Of the Financial Arrangements

Mr. Rodolphe Forget will have charge of the financial arrangements, and the securities will be handled by the Canada Securities Corporation, Limited, Montreal.

The new company should prove in turnover and earning power one of the greatest and strongest of Canadian industries, and should place the Canadian leather trade in a position to cater still more to the world's leather market.

WATER POWER PROBLEMS.

Trent District Municipalities Will Deal Direct with Companies—Fort Frances Export Question.

A large meeting of municipal delegates was held recently at Belleville to consider the advisability of forming a municipal power union for the distribution of electric power from the Trent River. After a lengthy discussion, they decided to deal, direct with the power companies interested in the district. Mr. W. B. Deacon, president of the Belleville board of trade, was chairman, and Col. W. N. Ponton, secretary. Delegates of councils and boards of trade of a number of municipalities were present, including Port Hope, Cobourg, Brighton, Belleville, Napanee, Deseronto, Picton, and Kingston, and also representatives of the power companies of the district, the Trenton Electric and Seymour Power Company, represented by Mr. J. G. G. Kerry, of Toronto, and Mr. A. B. Colville, of Campbellford, and also Mr. J. A. Culverwell, of Port Hope, managing director of the Northumberland and Durham Power Company, which controls the Healey Falls and other extensive powers on the Trent River.

No Municipal Power Union.

A resolution introduced by the Picton board of trade to form a municipal power union such as exists in Western Ontario, was withdrawn after some discussion, in which it was shown that practically the meeting was unanimously opposed to the scheme.

Afterwards a resolution was introduced by J. D. Hayden, president of the Cobourg board of trade, appointing a committee generally to keep in touch with power matters and report, if necessary, at a future date. It was argued that it was advisable for municipalities or manufacturers to deal directly with the companies whose rates will be regulated by the Railway Board of Canada, and thereby amply protect the public. The dams on the Trent River are being constructed by the Dominion Government in connection with the building of the Trent Canal, but the power generally is owned by the companies and operated under the jurisdiction of the Dominion Government.

Would Spend Two Millions.

Mr. J. A. Culverwell, for the Northumberland & Durham Power Company, announced that this company was ready to expend two million dollars for the development of its powers on the Trent River, and the representatives of the Seymour Power Company are also ready to furnish power to the district under the regulations of the Dominion.

An Order-in-Council has been assented by the Ontario Government permitting the Minnesota and Ontario Power Company to export six thousand horse power, generated on the Canadian side of the Falls, at Fort Frances, Ontario, to the United States side. The town of Fort Frances, Ontario, has the right to use such power should the occasion arise, while one thousand horse power is to be available at any time for that town's use. Thus ends the controversy over the export of electrical power from Canada to the United States.

Power Controversy Settled.

The Hon. Frank Cochrane, Minister of Lands and Forestry has issued a statement reviewing the case. He states that the company will give a guarantee bond forfeiting \$50,000 to liquidate any damages, if the order is not obeyed, and in addition, incurs a penalty of \$100 for every day's delay in returning the power to the Canadian side. In the event of the company not complying promptly, the Government has the right to place a sheriff or other officer in charge of the premises, to cut the connections and to forcibly put a stop to the exportation of the power.

One half of the power developed will be available on the Canadian side if required, but there is always to be at least

(Continued to page 2617).