

WAS THE PRICE TOO HIGH?

Cost of Raising New York Loan Thought by Some Bond Houses to be Too Much

The price received for any big bond issue is always the subject of contention. Many of the bond brokers do not see eye to eye with Sir Frederick Williams-Taylor, in his statement printed on another page regarding the loan.

Discussing the matter with *The Monetary Times*, one broker said: "The five-year bonds were offered to the public to yield 5.10 per cent., the ten-year bonds to yield 5½ per cent., and the fifteen-year bonds to yield 5¾ per cent. All of these issues have been oversubscribed, and the underwriting syndicate obtained a commission of practically 2 per cent. Every person in Canada who is selling Canadian securities in the United States is aware that five-year bonds are the most popular, and easily sold securities; consequently, there is no justification for the sale at present low prices of any but the five-year bonds. At the price of issue the money secured for the five-year bonds cost Canada slightly over 5½ per cent. What reason, therefore, can be advanced for forcing the community to pay these high rates for ten and fifteen-year bonds when there is every probability that before five-years have expired the loan could be refunded at much better rates?"

Provincial and Anglo-French Bonds.

"It is common knowledge among bond dealers that the securities of Manitoba, Alberta, Saskatchewan and British Columbia have recently been selling in the United States market in large amounts at rates yielding the investor from 5¼ to 5¾ per cent. Is there any reason, therefore, why the bonds of the Dominion of Canada should be sold to yield 5¾ per cent.; obviously none whatever.

"An attempt has been made to justify the price of the Canadian loan with a comparison of the Anglo-French issue. There is no analogy whatever between these two cases. The Anglo-French loan is considered a foreign security, as well as being an obligation of two of the principal belligerent nations. On the other hand, the United States investor realizes the wealth and importance of Canada, the merits of our securities, and our municipal and government bonds are not considered or dealt in as a foreign security. These, of course, are not a domestic security in the United States, but they are on an entirely different plane to a foreign security. Canadian city securities have also been selling recently in the United States at prices much higher than was asked for the Dominion loan. The argument may be advanced that the issues of provincial and city bonds were a small amount, whereas the Canadian loan was for \$75,000,000."

City and Town Bonds.

Another bond broker said:—

"It does seem to me that the Dominion paid a higher price than what should be necessary or what would be necessary in order to float this loan in the United States. We have been selling our city bonds over there on a basis to yield a lower rate of interest than what the Dominion are paying. There are, however, other things to be taken into consideration—namely, that the amount that the Dominion government were offering all at one time was a very substantial amount and more than the ordinary. Another thing is that the Dominion could not possibly run the chance of the loan being a failure. The argument can be made that they might just as well have made the rate 6 per cent. as the figure that they did in order to assure this. It is nevertheless important to have one's securities well thought of in the market where it is intended to borrow money in the future and where one may need to borrow a very considerable sum. If any of the dealers bought the bonds and had to sell them at a loss, they would not be so easy to interest in the same bonds again. There is no information as to what the commission was, but it was undoubtedly a very substantial amount, and it is said that the cost of the loan would likely be in the neighborhood of a 6 per cent. basis. This would seem peculiar when one cannot get any town or city bonds in the province of Ontario to yield anything like that and it would seem rather a high rate for the Dominion government to have to pay."

Many of the Canadian dealers in government and municipal securities, claim that they are not overly conceited, but says one of them, "it is the opinion of those in the best position to know that had Sir Thomas White consulted the

leading bond houses in Canada and given those houses an opportunity of organizing an underwriting syndicate, he would have been able to sell his bonds at a very much higher price than has been obtained, and would have saved this country a large amount in interest."

Some time ago the Robert Dollar Steamship Company changed its boats from American to British register because of the new Seamen's bill of the United States. Now the head of the company, Mr. Robert Dollar, has been inquiring at Vancouver, into the advisability of transferring the boats from San Francisco to Vancouver. If this is done it will mean a big increase for shipping out of British Columbia, and will greatly augment the activity in that port. Mr. Dollar is of the opinion that the high charter prices will drop immediately after the war stops, when tonnage will be set free by the combatant powers for the normal purposes of commerce. There will be, though, a great demand for ships that will not be filled for a long time.

LEGAL NOTICE

ELGIN DEVELOPMENT, LAND & SECURITIES COMPANY, LIMITED.

PUBLIC Notice is hereby given that under the First Part of chapter 79 of the Revised Statutes of Canada, 1906, known as "The Companies Act," letters patent have been issued under the Seal of the Secretary of State of Canada, bearing date the 2nd day of March, 1916, incorporating James Steller Lovell and Ernest Harold Stewart, accountants; William Bain, bookkeeper; Robert Gowans and John Joseph Dashwood, solicitors' clerks, all of the City of Toronto, in the Province of Ontario, for the following purposes, viz.:

(a) To underwrite, subscribe for, purchase or otherwise acquire and hold either as principal or agent, and absolutely as owner or by way of collateral security or otherwise and to sell, exchange, transfer, assign or otherwise dispose of or deal in the bonds or debentures, stocks, shares or other securities of any government or municipal or school corporation, or of any bank or of any other duly incorporated company or companies or corporation or corporations; to acquire by purchase or otherwise, and hold lands, timber limits or licenses, water lots, water falls, water privileges or concessions and powers and rights and interests therein, and to build upon, develop, irrigate, cultivate, farm, settle and otherwise improve and utilize the same, and to lease, sell or otherwise deal with or dispose of the same; and generally to carry on the business of a land and land improvement and irrigation company;

(b) To assist in the promotion, organization, development or management of any corporation or company, and to raise and assist in raising money for and to aid by way of bonus, loan, promise, endorsement, guarantee or otherwise any corporation in the capital stock of which the company holds shares, or with which it may have business relations; and to act as employee, agent or manager of any such corporation, and to carry on the business thereof and to guarantee the performance of contracts by any such corporation or by any person or persons with whom the company may have business relations;

(c) To carry on any other business which may seem to the company capable of being conveniently carried on in connection with the business or objects of the company, and necessary to enable the company to profitably carry on its undertaking;

(d) To procure the company to be registered and recognized in any foreign country, and to designate persons therein according to the laws of such foreign country, to represent this company and to accept services for and on behalf of this company of any process or suit;

(e) To lease, sell or otherwise dispose of the property and assets of the company, or any part thereof for such consideration as the company may deem fit, including shares, debentures or securities of any company;

(f) To amalgamate with any other company having objects similar to those of this company;

(g) To distribute among the shareholders of the company in kind any property of the company and in particular any shares, debentures or securities belonging to the company or which the company may have power to dispose of;

(h) To do all acts and exercise all powers and carry on all business incidental to the due carrying out of the objects for which the company is incorporated and necessary to enable the company to profitably carry on its undertaking;

(i) To do all or any of the above things, and as principals, agents or attorneys.

The operations of the company to be carried on throughout the Dominion of Canada and elsewhere by the name of "Elgin Development, Land & Securities Company, Limited," with a capital stock of fifty thousand dollars, divided into 500 shares of one hundred dollars each, and the chief place of business of the said company to be at the City of Toronto, in the Province of Ontario.

Dated at the office of the Secretary of State of Canada, this 6th day of March, 1916.

THOMAS MULVEY,
Under-Secretary of State.

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Dated at Toronto this 20th day of March, 1916.

BLAKE, LASH, ANGLIN & CASSELS,
Solicitors for

ELGIN DEVELOPMENT, LAND & SECURITIES COMPANY, LIMITED.