

## Points for Investors

**A**LTHOUGH references to mining matters in this column have been few, the recent bolt from the blue fanned by Messrs. Gooderham and Blackstock has been the chief topic and most important incident in the financial world of the past week. The number of those who have money invested in War Eagle and Centre Star is very large, both in Montreal and Toronto. It seemed almost incredible that mines which have been shipping—the one close on to 2,000 tons per week, the other an average of 1,000 tons—should suddenly close down on shipments, cease dividends, and recede to a position where the past two years count for naught. It is a case marked by gross mismanagement and gross ignorance on the part of the directors, and shows, moreover, a most haughty disregard for the investing public. The blow came with awful suddenness, and with a severity which might have been more properly ameliorated. Very hard things have been said, not merely by brokers and speculators, but by conservative men of means and substance. When such a disaster so quickly eventuates, it is always magnified.

### THE POT AND THE KITTLE.

In regard to War Eagle, the case is not so bad as Centre Star. The fact is that the former manager of the mine, anxious to make a good showing, had been devoting himself to getting out the ore at the expense of the development work. Then followed the installation of inadequate machinery, adding to the difficulties of development. In the meantime a new manager came in, but he was not able immediately to examine into conditions thoroughly. So the mine ran on, putting forth large quantities of ore, making an excellent shipping record, but stripping itself of its reserves. Messrs. Gooderham and Blackstock not being practical mining men did not appreciate the real situation. In October last, Mr. George Gooderham stated in a most public manner that he expected an increase in dividends shortly after the deferred annual meeting in February. The public relied on this statement now proved to be most ill-founded. After making such a prophecy it would seem policy to prepare the mind of the public, to let matters down more easily and without the terrible depreciation which such a bold announcement caused last Tuesday. There is one thing to be said, the directors have let the public know the worst—to every one's disadvantage it is true.

### CENTRE STAR'S COLORABLE APPEARANCE.

While the War Eagle case does not look culpable, the flotation of Centre Star bears a very nasty look, and if it were not for the well-recognized integrity of the chief owners, some action most unpleasant to them might well be taken. Look at the facts. In October, Centre Star was floated at a premium of 50c. per share, and so good was it announced to be that it was given as a special advantage to War Eagle shareholders only. Semi-officially it was announced that dividends of one per cent. per month would begin in January. The first dividend was declared on January 15, prior to the payment of the last instalment on the shares due only last week. This last payment, amounting to \$1,750,000, was gathered safely in, and two days later the announcement comes that the mine would stop shipping, and dividends would be suspended. Had a sharp mining operator from Spokane followed this course of action, he would be in jail by this time. Again, one must remark that the case looks nasty, but, again, it is attributable to ignorance of mining conditions.

Had Messrs. Gooderham and Blackstock a sufficiently wide grasp of affairs they would have restored public confidence in themselves and their property by holding up the market and buying in the floating thousands of shares, or else would have advanced sufficiently to have prevented extreme action.

### THE WORST THAT CAN BE SAID.

I think I have stated the worst that can possibly be said. There is no ground for those who impute any acts, beyond those of ignorance, negligence and disregard for the public. The mines themselves are no worse off. The gold is still there in large quantities, and after several months' reorganization and development they will resume their shipping, probably on a much more favorable basis, and will bring in greater profits than ever to the shareholders. My advice to the latter is to stand by their guns, put their stock away in their strong boxes, and possess their souls in patience. They will get a "square deal," even if the directors do not pay much regard to public policy or public comment. It is a most excellent time to purchase either stock.

### THE EFFECT ON ROSLAND

The most unfortunate feature of the mining crisis is that the bottom must, in a measure, be knocked out of Rosland for the time being. There will be little left for the smelter to do, and mining investments will receive a set-back from which they will be long in recovering. The seriousness of conditions is aggravated by the tight condition of the money market.

### THE GENERAL OUTLOOK GOOD.

While the mining situation is devoid of comfort, the financial outlook otherwise is good. Money is getting easier, now that the large financial centres see that England has settled down into what may be a protracted, but yet a victorious struggle. Canadian institutions have begun to appreciate the fact that the war will only benefit this side of the Atlantic, not that it won't benefit England also in the end. With the universal prosperity still continuing, the purse strings are beginning to be loosened. Outside of mines, Canadian securities have shown no depreciation during the past week. C.P.R. continues on its firm and steady course, as it

deserves. The Montreal favorite stock, Royal Electric, and the Canadian General Electric in Toronto, are appreciating.

### TORONTO RAILS.

A letter addressed to me by "Toronto Citizen" approves the course I have taken in regard to Toronto Street Railway. It may interest him to know that weeks ago I pointed out the short life of the franchise, to which he alludes. He adds that the rolling stock, equipment and buildings are not worth a dollar more than the four millions of bonds, and that, on the expiration of the franchise, there will be little left for the ordinary shareholder, and concludes by commending me for the opinion I have expressed that Toronto rails cannot be regarded as a secure investment. The latest development is the demand of the city of Toronto that the company construct eight new lines to relieve the pressure of traffic on the present routes. Part of this plan, at all events, must be carried into effect, and it will entail a large outlay on capital account while there will not be an increase in earnings proportionate to the increased cost of operation. At the same time, Toronto is growing so rapidly that the earning power of the company must be ever increasing. For January alone the increase was \$18,013.

### TWIN CITY'S GREAT RECORD.

Twin City is destined to be the best traction investment of all the street rails listed on Canadian exchanges. Its earnings are now showing increases close on to five figures every week, controlling the suburban and the interurban lines of two fast growing cities. Twin City has immense possibilities.

### A SHINING EXCEPTION.

The English investor has been so frequently nipped in Canadian land projects and other lines of speculation, not by Canadians themselves, but by mismanagement of his fellow-countrymen, or by the cupidity of the London financial sharks, who ever pursue the policy of keeping the meat and giving the hide and tail to the B.P., that it is pleasant to read the report of the Canadian Land and Ranch Company, an English company operating in the Northwest cattle trade. This company, after providing £2,000 for loss of cattle, and placing £2,000 more to the credit of reserve, pays a dividend of 7½ per cent. and a bonus of 5 per cent.—a most exceptional record.

### EASY MONEY TO RULE.

While the War Eagle and Centre Star episode has checked the market very slightly, it is likely for the next month or two that money will be tolerably easy. In the United States, a period of great ease in money is expected. Prices of stocks are rapidly assuming the old marks, and even industrials have completely recovered. The Iron and Steel Companies' announcements of dividends have helped public confidence greatly. General Electric has gone up to 130 on the report that the annual statement will show a revenue of about 20 per cent. The sister company on this side of the line, Canadian General Electric, is going to show an equally strong statement at its annual meeting next week.

Those who bought stocks at the time of the Christmastide depression will have every reason to congratulate themselves—always excepting the mines. Now is the time to buy them.

FAIRFAX.

### MINING SHARES.

**T**HE market may be described as having been struck by a cyclone, and there is little else talked about than the extraordinary action of the directors of the War Eagle and Centre Star.

There is but little question that their action regarding War Eagle is a wise and conservative one, but the way in which it was done is what has brought them into discredit; in ordinary cases (for which we have had many precedents in past years), when the directors of a company have decided to make any important change in the dividend, or other matters in which investors are interested, it has been customary to make the announcement through the chairman of the Exchange, or in the public press; but, in this case, it appears that not only had the directors decided upon their action some days previously, but the circulars were actually printed a day before they were issued, and someone got the information in time to unload a fair amount of stock on the unsuspecting public.

With regard to the Centre Star, the directors are to be commended for not listing their stock; but in face of the circumstances, it certainly does look as if they had taken advantage of the investors by letting them in at 150, and paying one dividend.

The Toronto Mining Exchange has never commended itself very highly for its method of doing business; but it has always been understood that these two great properties were handled by men who did not look favorably upon the brokers' methods of floating stock, and that they were far above anything like stock-gambling.

We have always warned our friends against having anything to do with Spokane exploits, but we fear we must now come nearer home, and recommend them to keep clear of Toronto. Our own city is not altogether free from shady promotions, but still we have the best record, and investors will do well in future to stay with propositions that are controlled at home, and by people that we know.

There is but little to say regarding the general list; it is all more or less weak, and the high-priced stocks have more or less felt the want of confidence. Republic, especially, is weak, and looks as if it might have a further decline. In the low-priced ones, Big Three is a little firmer, caused presumably by shorts covering. Deer Trail is becoming a little more active, and now that the new certificates have been delivered, it looks to us as if, at the moment, it is the best purchase of any of them.

Should the closing down of these big mines in British Columbia have the effect of bringing the labor union to terms, a great step towards the furthering of mining enterprises will have been gained, and a lesson will have been learned to buy dividend-paying mining stocks, not on their prospects, but on the return they give to investor.

Montreal, February 8.

ROBERT MEREDITH.