

STANDARD RELIANCE MORTGAGE CLOSES DOORS

Action Taken at Instance of Directors—Large Assets Which Cannot be Liquidated at Present

ON Wednesday, June 18th, the Standard Reliance Mortgage Corporation of Toronto closed its doors upon the granting of an order for winding up by Mr. Justice Masten at the request of the directors. The company is understood to have large holdings of lands which cannot be disposed of at the present time on satisfactory terms.

The Standard Reliance Mortgage Corporation was incorporated in April, 1913, as an amalgamation of the Standard Loan Company, founded in 1873, and the Reliance Loan and Savings Company of Ontario, founded in 1893. Both of these concerns had their head offices in Toronto. The new company also included the following eight smaller companies, which were incorporated at the time indicated:—

- August 27, 1902—Sun & Hastings Loan & Savings Co., Toronto.
- May 28, 1880—Ontario Industrial Loan & Investment Co., Toronto.
- March 3, 1893—Aid Savings & Loan Investment Co., Toronto.
- January 28, 1883—Huron & Bruce Loan & Investment Co., Goderich.
- September 24, 1886—Canadian Homestead Loan & Savings Co., Toronto.
- February 11, 1890—Canadian Savings Loan & Building Association, Toronto.
- June 24, 1889—Acme Loan & Savings Company, Toronto.
- September 27, 1881—Chatham Loan & Savings Company, Chatham.

Shortly after this amalgamation the Standard Reliance acquired an interest in the Dovercourt Land, Building and Savings Society, which carried on extensive dealings in real estate. The methods of operation are indicated by the balance sheet for 1914, which includes among the assets balances due on sale, agreements purchased from and advances to the Dovercourt Land Building and Savings Company, and other companies; these advances were secured upon the lands and improved property of such companies.

The present directorate of the company includes the following:—N. H. Stevens, Chatham, Ont., president; John Firstbrook, Toronto, vice-president; E. Jessop, St. Catharines, Ont.; J. A. McEvoy, Toronto; David Ratz, New Hamburg, Ont.; James Gunn, Toronto; David Kemp, Toronto; E. C. McNally, Niagara Falls; R. H. Greene, Toronto; W. J. Fawcett, Toronto. The former general manager, Mr. Herbert Waddington, died about three weeks ago, and the late E. F. B. Johnston, K.C., was also chairman of the board of directors. The secretary-treasurer of the company is Mr. F. E. Rathbun, and the assistant secretary, Mr. Robert M. Boulden.

The company's balance sheet as at 31st December, 1918, showed total assets of \$8,523,984, of which \$8,028,708 were mortgage loans with accrued interest. Stocks, bonds and debentures amounted to \$418,111, and real estate acquired under foreclosure was valued at \$233,087. Office premises, including those formerly occupied, and furniture, totalled \$307,981. There were also war loan and municipal bonds, bank and railroad stocks and cash on hand. The amount of debentures outstanding was \$3,972,482, and deposits made up the balance of the liabilities to the public totalling \$5,064,514. The subscribed capital was \$2,644,020, of which only \$33,085 was unpaid. There was a reserve fund of \$650,000, a contingent of \$60,000, and a balance in loss and gain of \$12,990.

The application for the winding-up order was made on the initiative of Mr. John Firstbrook, director, and Mr. F. C. L. Jones, counsel for the company. The decision was reached at a meeting of the directors held on Wednesday at noon. Mr. G. T. Clarkson was appointed temporary liquidator, with a reference directed to Mr. G. A. C. Cameron, Master in Chambers, Osgoode Hall, Toronto. Speaking of the outlook, Mr. Clarkson said on Thursday:—

Liquidator's Statement

"The Standard Reliance Mortgage Corporation has advanced about three and a half millions of dollars to the Dovercourt Land, Building and Savings Company, and also owns the capital stock of the same company to the amount of over \$400,000, a total of between \$3,900,000 and \$4,000,000. Interest upon these loans has not been paid by the Dovercourt Company to the Standard Reliance, but the latter, being of the opinion that there was a heavy surplus in the Dovercourt properties, has taken such interest into its profits, and employed it in the payment of dividends. This, with the cost of carrying these properties, has meant the using up of the quick assets of the Standard Reliance, except to the extent that they were replenished by the receipt of deposits from the sale of debentures. Recently the question was raised as to the propriety and the legality of the payment of dividends under these circumstances.

"Mr. Waddington died recently. It was after that that the directors had the affairs of the company investigated. And following the sale of the Lawrence Park properties, which realized only about one-third of what was expected, they came to the conclusion that they could not properly continue to pay dividends, and also the value of the real estate held would be considerably affected if forced upon the market. It was apparent that if the dividends should be passed on July 1st, the confidence in the company's standing would immediately become undermined, and depositors would draw out their deposits, which would amount to one million dollars. The withdrawal of their deposits would have left the company in the position where it might not be able to protect the realty holdings, which, in turn, would have to be sacrificed. Such a course of events might have allowed depositors to be paid in full, but would put the debenture-holders in such a position where ultimately they might have recovered a very much reduced return. The assets of the company, in addition, might have to be sacrificed.

"As a result of their investigations, the directors and officers of the company are of the opinion that if the assets are nursed they will produce sufficient to pay all creditors, and probably leave a surplus to stockholders. In order to accomplish this they came to the conclusion that the only thing to do was to apply to court for a winding-up order, and thereafter immediately have the assets turned over to a new company, with creditors accepting preferred stock, and shareholders common stock in the same. This company would be left with quick assets of an amount sufficient to permit of the protection of the properties, and their gradual and advantageous sale. The control of the new company will be vested in a board of directors composed of representatives of shareholders, debenture holders, and depositors, which would then work out its affairs with a minimum of expense which would only be a minor portion of what they would be if the company were wound up by forced liquidation in the ordinary way.

"Before dealing with the matter the directors consulted with representatives of debenture holders, shareholders and depositors, who gave their unqualified approval of the proposal, and stated their belief that it would result in the payment of creditors in full with a substantial return to stockholders.

"The winding-up order contains a special term permitting the calling of meetings of the shareholders, depositors and debenture holders, without waiting for the appointment of a permanent liquidator, as is customary."

A provisional balance sheet of the company, prepared by Mr. Clarkson, shows deposits \$1,000,000, debentures \$4,000,000, and capital \$2,600,000, a total of \$7,600,000 in liabilities. Assets include Dovercourt loans \$4,000,000, mortgages \$2,800,000, quick assets \$700,000, and other assets of \$700,000, a total of \$8,200,000.

When asked as to the position of the Sterling Trusts Company, which has been associated with the Standard Reliance, the manager, Mr. C. Bauckham, stated to *The Monetary Times*, that it would not be effected to any material extent; its assets, he said, include a block of shares in the Standard Reliance.