

Company, the St. Lawrence Starch Works, the Edwardsburg Starch Company, the Brantford Starch Works, the Empire Tobacco Company, William C. McDonald, the International Brokerage Company, the Pacific Selling Company, the Force Food Company, Canada Cannery, Limited, Canadian Grocers, Limited, G. E. Tuckett & Son, the Hudson Bay Company, the Davidson & Hay Company, the Eby, Blain Company, Thomas Kinnear & Co., Perkins, Ince & Co., A. F. MacLaren Imperial Cheese Company, the Malta Vita Pure Food Company, the E. B. Eddy Company, Lumbers & Co., Lumsden Bros., and about one hundred and seventy-five other firms, which are named.

Trial Occupied Nine Days

The case was tried on September 21st, October 19th, 20th, 21st, and 22nd and 23rd, and November 11th and 12th, 1907. Evidence was closed on January 7th, 1908, and argument occupied three days, January 7th, 8th, and 9th. Chief Justice Falconbridge cited several authorities in viewing the matter from a common law standpoint and stated that the Wholesale Grocers Guild had its origin in 1883, and that this origin was due to the fact that conditions of the trade were very bad, and it was found necessary, in order to prevent disaster amongst those engaged in wholesale business, to meet and confer with a view to seeing what measures might be arrived at to improve such conditions.

"Colonel Davidson stated in his evidence that the origin of the Guild was about 1883, when Mr. Blain and he went east to Montreal to arrange a tobacco price.

On this trip an arrangement was made with the wholesale grocers to sell tobacco at an advance of two cents a pound. The guild next turned its attention to getting better terms from the sugar refiners.

Guild Did Not Enhance Prices

He further stated that the Dominion Guild was the outcome of the local guilds but they were not at that time called local guilds, but local associations, and then afterwards provincial guilds were formed also, that the guild was not formed for the purpose of enhancing the price to the retailer or consumer, it having the reverse effect; that it has not destroyed competition nor enhanced the price of any article, but, on the contrary, it has reduced the price, and that there is no difference between the method of conducting business now under the guild, and as it was conducted thirty years ago before any guild was thought of.

In delivering judgment, Chief Justice Falconbridge stated that the endeavor of the guild is to protect the interest and the welfare of the wholesale grocers of Canada, whether they are members of the guild or not. The guilds have invited the membership of legitimate wholesale dealers from the beginning and, secondly, the price has in all classes been fixed by the manufacturers themselves.

"In the present case any wholesale merchant could buy exactly on the same terms as members of the Association.

In the present case there has been no evidence of the enhancing of prices, no complaint by any consumer, no complaint by any retail dealer, but rather approbation."

BOND HOLDERS COMBINE

To Take Action Regarding Future of Quebec and Lake St. John Railroad.

The Quebec and Lake St. John Railway controversy is assuming new phases. The Canadian Northern, it will be remembered, have been operating the Quebec road for some time past. It was announced at the beginning of the year that the road would default payment of interest on its first mortgage bonds. The Canadian Northern proposed a reorganization scheme which was rejected by the bondholders nearly all of whom are English investors. The Canadian Northern then withdrew its plan and the bondholders of all classes have now been invited to deposit their securities with the London Joint Stock Bank, Limited, who will issue in exchange certificates of deposit to bearer. The committee propose in due course to apply to the Committee of the Stock Exchange for a quotation for these certificates. The committee will thus have the bonds vested in them subject to certain conditions endorsed on the back of the certificate of deposit.

Three Classes of Bondholders

Shortly, the effect of these conditions is to enable the committee to act generally for the common advantage and benefit of three classes of bondholders. As it is necessary that the committee shall have at their disposal sufficient funds to meet the expenses incurred from time to time, the conditions authorize the committee to raise money on the security of the deposited first mortgage and income bonds to an amount not exceeding 2 per cent. principal money on

the nominal value of the first mortgage bonds, and 1/2 per cent. on the nominal value of the income bonds so deposited.

Having regard to the fact that the prior lien bonds have a first charge on the railway and terminals and appear in any event to be fully secured, the committee recognize that in any scheme of reorganization the rights of the prior lien bond must be fully respected. Under these circumstances the committee have decided not to ask the holders of prior lien bonds to bear any share of the expenses incurred.

Objects to Various Statements

Circulars were addressed to the bondholders of the Quebec and Lake St. John Railway by Mr. R. M. Horne Payne, director of the Canadian Northern, both containing criticisms of the management and system of accounting of the Quebec road prior to its acquisition by the present proprietors in 1907. Mr. J. D. Scott, late general manager of the Quebec and Lake St. John road, from the beginning of its construction until May, 1907, and nominally so from that date until July, 1908, when he resigned, objects to some of the statements made by Mr. Horne Payne.

"The net earnings of the railway," he says, "when under my management, say from 1901 to 1906 inclusive, as shown by the printed reports regularly furnished you by me, were as follows:—

For the year	1901	\$73,004
"	1902	121,102
"	1903	151,432
"	1904	136,236
"	1905	175,796
"	1906	198,800

Since that time I understand they have been:—

For the year	1907	163,527
"	1908	78,872
"	1909	3,096

Rolling Stock and the Scrap Heap

"The statement for the year 1907 was signed by me as well as by Mr. Hanna, the new President, but the decrease as compared with 1906 was largely due to an unnecessary train service from the Canadian Northern, of which I did not approve. For 1908 and 1909 I have, of course, no responsibility. The circular states that from 1901 to 1906 (six years) over \$33,000 out of the prior lien bond moneys were used to pay rent for use of rolling stock and credited to revenue. Without being able to verify the figures, not having the books, I contend that this was strictly correct because this rolling stock was used to build branch lines and had to be repaired at the expense of the operating account, and we had to pay rental to the Canadian Pacific Railway and other lines for cars used to replace it.

A statement was made by Mr. Hanna, president of the Quebec road that in 1909, with gross earnings of \$593,419, an amount of \$15,820 had to be paid for the use of rolling stock of other roads, borrowed because the company's stock is quite unsafe to operate and only fit for the scrap heap, and that during that year \$117,291 had been expended on repairs, because the stock had been allowed to run down. "In reply to this," says Mr. Scott, "I can only say that in 1906—the last year in which I had exclusive control—we handled a gross traffic of \$607,000 without borrowing rolling stock. In fact, during that year we received from other railways \$11,013 for the use of our cars in interchanged traffic and only paid them \$7,763 for their cars similarly used by the Quebec and Lake St. John.

Handed Over the Road

"During the same year we expended \$56,163 in repairs to rolling stock, which would indicate that the equipment was being cared for. If the stock, much of it purchased since 1901, is now fit for the scrap heap it was not so in 1906, because it sufficed to earn the large revenue of that year without borrowing from other roads. The report of the directors, signed by the President and presented at the annual meeting held 10th May, 1907, states that "the Board have pleasure in handing over to their successors in office a road in excellent physical condition, well equipped with rolling stock in a good state of repair." The directors, who were constantly on the property and familiar with its condition, would hardly make this statement if the equipment was only fit for the scrap heap—of course, some of the rolling stock was not new, but it served to do the work."

The Brandon Trust Company, Limited, and the Great-West Permanent Loan Company have been registered in Saskatchewan.

Mr. James F. M. Pinkham, of the Imperial Bank, was recently presented with a cabinet of sterling silver by the citizens of Cranbrook on the occasion of his being transferred to the Strathcona branch of this bank. Mr. Pinkham is the second son of the Bishop of Calgary.