

SOME FINANCING IN CROWN CHARTERED CO.

Writs Have Been Issued Against Directors to Prevent Sale of Claims

The Toronto World of last Saturday has the following in regard to one of the hopes of Northern Tisdale.

The internal dissension among the shareholders of the Crown Chartered Gold Mining Co. of Porcupine, Limited, assumed a battle royal aspect last night with the issuing of a writ by Arnoldi and Grierson, acting on behalf of George B. Fox, against John P. Heffernan, secretary-treasurer of the company, O. L. Henault, president, H. Henault, J. A. Heyernan, J. H. Galarneau, M. C. O'Chaugnessy and C. G. Dike jr., directors and R. B. Stewart.

The affairs of the company have been pretty much of a tangle for some time, and the shareholders have been altogether at sea as to the position in which they were placed. The present action follows an investigation into the affairs of the concern made privately by interests acting for large stockholders in Toronto and vicinity.

The Crown Chartered Mining Co., was formed in May, 1910, with a capitalization of \$2,000,000 in one dollar shares. Its properties were located in Tisdale Township, in the Porcupine division. Late last year arrangements were made for the taking over a group of five claims known as the Davidson properties in the northern portion of the township. On these lots valuable discoveries had been made and after work had been commenced by the company, further valuable indication were located. The claims were purchased on the deferred payment plan, the final payments, one of \$40,000, and another of \$35,000 falling due on Aug. 4 last, and next spring respectively.

PAYMENT WAS NOT MET.

It was on account of the non-payment of the former claim that the present internal row arose. For some time the shareholders had been faced with the evidence that their directors were not living up to the obligations usually expected of a ruling board. The annual meeting of the company was passed without an assembly being called, no idea as to the status of the finances were obtainable, nor were the stockholders at all apprised as to the condition of their company.

Developments followed each very quickly during the last month. The payment of \$40,000 was not met on Aug. 1, not was any indication of the intention of the directorate handed out. An extension of a month was, it was understood, obtained, but after the lapse of that time, the matter was still a closed secret as far as the shareholders were concerned.

A few weeks ago the question as to whether or not the present directors had the right to continue to rule the destinies of the corporation, was raised. Their term of office expired some time ago, yet no meeting was held to elect their successors or to re-elect themselves. Some of the board, as constituted at the last annual meeting, dropped out, yet no successors were appointed.

FREGZIED FIANCE ATTEMPT- ED.

The denouement came the other day with the announcement that the directors were attempting to dispose to United States interests of the valuable Davidson claims, so far as known the only holding of the company possessing any real merit since the other properties were never developed to any material extent. Announcement was made at Montreal at the same time by the secretary-treasurer that the company was out of funds, that the directors had advanced money to carry on development work, and that an issue of bonds would be made to take up the indebtedness and to carry on operations in the future. In the natural order of events in the mining world this would result in the properties passing to the bondholders, and the shareholders being left with little or nothing at all except their experience.

It is only necessary to go back to the palmy days of Cobalt to find parallel instances of high-financiers of

this nature. The public, or at least a portion of them, have been bitten once too often, however, hence the present action.

A CHARGE OF FRAUD.

The writ against the directors declares that they have fraudulently conspired to deprive the Crown Chartered Co., of the Davidson claims by causing a transfer to be made, that they have induced A. B. Stewart, one of the defendants, who was one of the original owners of the properties, to execute transfers and ignore the transfers already executed by him and held by trustees for the company. It asks for judgment declaring that the directors have no power to make or allow any transfer without the authority of the shareholders and requesting an injunction restraining any sale of the company's claims.

The plaintiff declares that the defendants are not entitled to occupy the office of directors except for the purpose of calling a special meeting of the shareholders to hear the reports and elect new directors, and asks for an injunction restraining any other actions by them.

It is also declared that the directors have failed to conduct the affairs of the company according to law, and by improper courses have caused large losses to the company, for which they themselves should be liable; and that they have issued illusory circulars to induce the shareholders to part with their shares. The plaintiff charges manipulation in the stock markets, and asks judgment for an account by the defendants in respect of the premises and payment by them of the company's losses and also in respect of damages.

SHAREHOLDERS TAKE ACTION.

A meeting of the dissident shareholders was held in Toronto on Wednesday, at which a committee, comprising Frank Arnoldi, K.S., M. K. Cowan, K.C., and Hugh H. Sutherland, broker, were appointed to issue a circular to the stockholders setting forth the charges against the directors. These in brief are as follows:

1 No general meeting was held at the time appointed by law.

2 No report has been made by the directors up to date.

3 The company's accounts have not been audited or sent to the shareholders.

3 Some of the directors have resigned and there is not a full board at the present time.

5 The directors allege that they have advanced money to the company. The shareholders have never been advised of the conditions calling for the advances nor of the terms by which they were obtained.

6 The directors have lately been negotiating for the sale of the company's properties without taking the shareholders into consideration.

7 The company's affairs have not been managed by the directors as they were legally bound to manage them.

8 That since some of the directors have resigned and successors have not been appointed, the remaining directors are legally incapacitated from carrying on the affairs of the company.

9 Mr. John P. Heffernan, secretary-treasurer, has dealt with the affairs of the company outside of the legal action of the board.

ASKING FOR PROXIES.

The committee has sent out applications for proxies to be used at the special meeting called for in the writ. The committee believes that it will hold proxies sufficient to control the meeting and to turn out the present board and to elect new directors, who will conduct an investigation into the affairs of the company and take any legal action necessary against the former board. Of the total outstanding issue of approximately 7,748,000 shares, the committee, so The World was informed, holds 700,000, and will be in possession of over a million by the time the meeting is called.

Judicial Sale of Assets of Calcite Lake Mining Company, Limited.

Pursuant to the Winding Up Order made herein and bearing date the 21st June 1912, and my direction hereunder, sealed tenders, addressed, to "The Master in Ordinary" Osgoode Hall, Toronto, will be received by him up to noon of the Eveventh day of October, 1912, for the purchase en bloc of the following assets of CALCITE LAKE MINING COMPANY, LIMITED, of Mining Locations L.O. 357 and L.O. 358, Mining Leases from the Crown of record in the Department of Lands, Forests and Mines, situate in the Township of Lawson, District of Nipissing.

The above properties are adjacent to east side of Calcite Lake and west of Leta Lake. Situate on same are fourteen buildings and erections, including Power House, Shaft House, Blacksmith's shop, Pump House, Office, Cook House, Storehouse, Powder House, Powder Thawing House, Bunk House and also a well finished Manager's residence.

The operating plant including Compressor with equipment, air receiver, two boilers, two hoists, feed pump, Fairbanks Morse Pump, 3 Canadian Rand drills with equipment, 1 hammer drill, dump car, buckets, pipes and pipe lines for air and steam, and the general Miner's Blacksmith's and Carpenter's tools and Cook-house and Bunk house out-fit and some house furniture.

Much development has been done on the property; two shafts sunk, one to 275 or 280 feet deep, the other 30 feet and extensive drifting and cross-cutting has been done on the various levels, the cost of which is approximately, as per Company's books \$53,900.

Inventories, etc., can be seen on application to the Liquidator or his solicitors.

TERMS OF SALE: A marked cheque to the order of G. T. Clarkson, Liquidator, for ten per centum must accompany the tender, which cheque will be returned if the tender be not accepted, a further fifteen per centum shall be paid on completion of purchase and the remainder in equal instalments in two, four and six months thereafter, with interest at 7 per cent.

The successful tenderer will be required to sign an agreement for purchase, containing a clause that in case of default in completing payment, all payments made prior to such default shall be retained by the vendor as liquidated damages. Conditions of sale and such agreement may be seen on application to the Liquidator or his solicitor.

Orders to inspect the property may be had on application to the Liquidator.

The purchaser shall search title at his own expense and the vendor shall not be required to furnish abstracts, produce deeds, declarations or evidences of title other than those in his possession. The purchaser shall have ten days within which to make any objections or requisitions on title, and in case he makes any objection or requisition which the Vendor shall from any cause be unable or unwilling to answer or remove, the vendor may then rescind the sale, in which case the purchaser shall be entitled only to return of the deposit money, without interest, cost or compensation.

The purchaser shall keep the property insured against fire until completion of all his payments, loss payable to the Liquidator.

The lowest or any tender not necessarily accepted.

Further particulars may be obtained on application to the Liquidator or his solicitors.

Dated at Toronto this 12th day of September, 1912.

Geo. O. Alcorn, Master in Ordinary.

Day Ferguson & O'Sullivan, Solicitors for Liquidator, 59 Victoria Street, Toronto, Ont.

G. T. Clarkson, Liquidator, 33 Scott Street, Toronto.

THE SENATOR LEFT OUT.

Senator Vardaman, so the story goes, once rented a plot of several acres to one of his black neighbors. The land was to be planted in corn, and the Senator, then ex-governor, was to receive one-fourth. The corn was duly harvested, but the senator did not receive his fourth. Meeting the negro one day, he said:

"Look here, Sam, have you harvested your corn?"

"Yes, sah, boss, long 'go."

"Well, wasn't I to get a fourth?"

"Yes, sah, boss, dat's de truf, but dar warn't no fo'th. There was jes three loads, and dey was mine."

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