

# RAILWAY ENTERPRISE A FINANCIAL WRECK

## English Investors Lose Millions in Collapse of Hudson Bay and Pacific Roads

Under a compulsory winding-up order made last May against the Hudson's Bay and Pacific Railway Development Company, Limited, 56 Moorgate Street, E.C., Mr. H. E. Burgess (Official Receiver) has now issued his report to the creditors and shareholders. The accounts filed under the liquidation show liabilities £68,701, to rank against assets £110,300, representing the company's interest in the charter taken at cost price, the secretary stating that it is impossible to estimate its value. The deficiency to the contributors is returned at £195,036.

Mr. Burgess reports that the company was formed in April, 1909, with a nominal capital of £150,000, increased in November, 1910, to £250,000, its object being to construct and equip a line of railway from Port Churchill, on Hudson's Bay, to Calgary, in the territory of Alberta, Canada, with certain branches. The powers of constructing the railway were conferred by a Special Act of Parliament of the Dominion of Canada, which received the Royal Assent on October 5, 1896.

### NOTHING WAS DONE FOR YEARS.

This Act incorporated the Hudson's Bay and Pacific Railway Company. It appears that for several years after the passing of the Act nothing was done towards the development of the project. Mr. Joseph Skinner acquired the rights of construction, and he covenanted to subscribe \$2,000,000 stock of the railway company and to pay a cash deposit of 10 per cent. thereon. He also undertook to pay £10,300 cash and \$1,400,000 stock to settle all past liabilities and obligations in connection with the charter. In March, 1908, Mr. Skinner assigned his interest to Messrs. Greville and Spicer for the payment by the assignees of £16,400 cash, to meet the cash obligations of £10,300 above mentioned, and a further £8,250 cash to enable Mr. Skinner to discharge his further liabilities in connection with the project.

The promoters of the company raised about \$7,000 from several persons, in exchange for promises of lucrative appointments for themselves or their relatives on the railway. Part of this money was expended in obtaining from the Canadian Parliament a renewal of the charter, which had lapsed by the expiration of time, and the balance was absorbed by travelling and other

expenses. On the registration of the company in April, 1909, Messrs. Greville and Spicer assigned all their interest to Mr. W. V. Williams as nominal vendor to the company. The purchase agreement provided for the payment of the charter for £10,000 in fully-paid shares and for the payment by the company of all obligations, costs, charges, and expenses in connection with the charter.

### MONEY FOR PRELIMINARY EXPENSES.

The official receiver states that, in return for such loans, aggregating £36,606, the company deposited as pany's shares, and £1,000,000 railway security £10,000 Development Company stock, and gave, in the shape of bonuses, £122,942 Development Company's shares, \$1,911,500 railway company's shares, \$650,000 railway company's bonds, and £1,500 cash. In December, 1911, Messrs. Greville and Spicer put before the board an account of 53,377 of their vendors' shares, which they claimed to have given away for the sole benefit of the company and an arrangement was made with the directors, the effect of which was to convert £50,000 of the vendors' £100,000 purchase consideration shares into bonds, and to charge the company with an expense of £10,710 shares incurred by the promoters before formation in raising money for preliminary expenses.

From time to time money had been sent to the company's engineers resident in Canada for their fees and expenses of surveying, amounting in all to about £8,000; but they have been hampered by want of funds to carry on their work, and operations to date have amounted to a survey of about 300 miles of the route and the construction of 70 miles of bush road. In the opinion of the official receiver, the resources of the company without sufficient regard to the obligations have been recklessly exhausted. The principal asset was the right which it was formed to attract to the share and bond issues of the railway company, and practically all the \$3,980,000 stock and \$900,000 bonds received have been given away as bonuses, commissions, and security for loans of comparatively small sums of money.

Sir W. B. Peat has been appointed by the court as liquidator, to be assisted by a committee of inspection.

renewed strength to our national life."

Right Hon. Mr. Borden's letter reads as follows: "I esteem it a privilege to express my warm appreciation of the great work which is being carried on by the National Sanitarium Association. Every well-directed effort in the fight against tuberculosis demands the support of our people. The proposal that December 1st should be set apart as Tuberculosis Sunday commends itself warmly to my judgment may have every success."

## RUSSIAN NOBLE MAN BUYS CANADIAN FOXES

### Prince Edward Island Ranches Gets \$100,000 For Six Pairs

Charlottetown, P.E.I., Nov. 14.—Excitement attending the black fox industry in this province was considerably heightened to-day by the news of the sale of six pair of foxes from the Charles Dalton Ranching Company a Russian nobleman for 9100,000 to be delivered in Russia next September by Dalton personally. This year the price opened at \$10,000 per pair, and has been steadily advancing.

The fact that Russia is to start fox breeding should give a great impetus to the industry here.

Peck—You will never get the dog to mind you, my dear.

Mrs. Peck—I will with patience. You were just as troublesome yourself at first.—Boston Transcript.

## GREAT BRITAIN'S GOLD RESERVES

### Plea for Increase in Holdings Made By Prominent Financiers

While the subject of larger gold reserves for the banks of Great Britain has been discussed at times, recently it has been somewhat in the background. Sir Edward Holden, however, took the topic up at the annual dinner of the Manchester (Eng.) Statistical Society, given last month, at which he was the chief guest. His address on "Gold Reserves" had some special reference to the manner in which the question is affected by the gold absorptions of British India. Accordingly Sir Edward dealt first with the gold reserve question as a whole, and, secondly, with the recent phenomenon presented by the great hoarding of the metal in India. Sir Edward asserted that the enormous extension in recent years not merely in Britain's direct banking liabilities, but in the liabilities represented by the world's trade, so much of which is financed in Lombard Street, constitutes a powerful plea for higher gold reserves. In other words, the expansion of credit requires a larger gold basis at the chief centre of credit. So universally however, is this truth accepted, that interest centres chiefly in the means for accomplishing the desired end.

Commenting on this point, the London "Standard" says:

"Everyone, I think, admits the amount of gold held is too small, and we have, therefore, to ask ourselves what can be done to increase it? Under the Act of 1914, the Bank of England has, even now, the power of increasing the national reserve of gold 14 millions by retransferring to the banking department securities to that amount now in the issue department against which notes are issued. May I call your particular attention to the fact that no new act of Parliament is required to enable the Bank to do this? Sir Robert Peel evidently saw that it might be necessary some time to increase the gold reserve of the country, and in his Act of 1844 he gave the Bank of England power to do this. If these securities were withdrawn from the issue department, the note issue would be less likely to increase again in proportion, but it would immediately change for gold. As the average amount of notes issued during the last five years has been 54 millions it follows we should then have in the National reserve of gold 49 millions, instead of an average of 35 millions as at present.

In further comment on Sir Edward's address the Standard says: "While we are not altogether in accord with some of Sir Edward Holden's remarks concerning the effect produced upon Indian trade by the absence of a gold currency and the very extensive cash balances kept by the Indian Council in London, some points to which he drew attention are undoubtedly of the utmost importance in relation to the general question of gold reserve. We do not, for example, entirely follow Sir Edward in his argument that the adoption of gold currency in India would arrest the hoarding movement of the metal, but the main fact of the hoarding, to which he drew attention in forcible terms, is of the utmost importance, and he has done useful service in drawing attention to it. Here, for example, are the figures quoted by Sir Edward of the world's total production of gold, during the past 12 years and its approximate distribution. The total production for the period is stated to be £900,080,000, and the distribution as follows:—

£207,000,000 used in the industries:

- 80,000,000 to South America.
- 160,000,000 to the United States.
- 190,000,000 taken by the banks of issue in Europe.
- 100,000,000 to India.
- 20,000,000 to Canada.
- 22,000,000 to Australasian and South African banks.
- 121,000,000 to other banks, circulation and private holdings.

&900,080,000 Total.

"It will be seen, therefore, that no less than one-eighth of the total gold production of the world for the last 12 years has been absorbed by India, the great bulk of which appears to have been hoarded. One further point to which Sir Edward drew attention is also a matter which closely concerns the question of the gold reserve here, viz., the fact that of the reserve for maintaining the gold standard in India nearly £17,000,000 is invested in sterling

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securities on this side. Unquestionably, the policy of so large an amount being held in securities is open to criticism, both from the Indian standpoint and from the standpoint of our own National Reserve point of our own National Reserve the possibility of such securities being realized in times of emergency and being remitted to India in gold constitutes, as it were, a reserve claim on our gold reserve which might be made at an inconvenient moment. At the same time it must not be forgotten that there are good arguments for quite a considerable total of Indian money being invested on this side, because occasions may arise when the maintenance of the Indian exchange might require not shipments of gold from here to India, but exceptionally large cash balances in London to meet Indian payments in this country."

Edith—Why did she marry him?  
Ethel—To cure him of drinking.  
Edith—And did she succeed?  
Ethel—Yes; she's so extravagant he can't afford it.—Philadelphia Bulletin.

Sonny—Aw, pop, I don't want to study arithmetic.

Pop—What! a son of mine grow up and not be able to figure up baseball scores and batting averages? Never!—Chicago Daily News.

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## PROMINENT MEN ENDORSE PLAN

### Proposal to Observe Tuberculosis Sunday is Meeting with Wide Favor

The proposal to observe the first Sunday in December, which falls on the first day of the month, as Tuberculosis Sunday is receiving endorsement from the leading public men and churchmen of Canada. Letters have already been received from Right Hon. R. L. Borden, Mayor Hoeken, of Toronto, Rev. Dr. Carman, superintendent of the Methodist Church in Canada, N. W. Rowell, K.C., leader of the Ontario Opposition, Archbishop Hamilton, of Ottawa, Bishop Wweeney, of Toronto, Dr. Robert Falconer, Falconer, President of Toronto University, and other prominent men, expressing their unqualified approval of the suggestion and of the work being Association in the fight against consumption.

Dr. Falconer's letter is typical of the many received in support of the plan for Tuberculosis Sunday. He writes: "Assuredly the work of the National Sanitarium Association needs no commendation from me. I am thoroughly in sympathy with its efforts to eradicate tuberculosis, and I hope that you will meet with great success in your present effort. All thoughtful citizens must be in deep sympathy with an endeavor to minimize or stamp out this disease, and thereby brighten the lives of many and lift the clouds from many homes, as well as bring