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MILLER, COURT & Co
LIMITED

STOCK & BOND BROKERS
INVESTMENTS

VANCOUVER BLOCK

VANCOUVER, B. C.

April 19th, 1926.

DEPT. OF MINES
Rec'd APR 20 1926
Referred to DE. SEYMOUR 2223
CABLE ADDRESS
MILLER COURT VANCOUVER B.C.

MEMBERS
VANCOUVER STOCK EXCHANGE
VANCOUVER GRAIN EXCHANGE

2208

AMW

The Honourable William Sloan,
Minister of Mines,
Victoria, B.C.

PROPERTY FILE

Dear Sir:-

Further our letter of the 15th in answer to your inquiry re Whitewater Mines Limited.

We regret there has been such detrimental publicity given one of British Columbia's outstanding mining properties. These articles no doubt have been inspired by jealousy and for a purpose. Especially at this time the English Press is full of articles pertaining to the wholesale fleecing of the British Public by American high-pressure salesmen, and it would appear that the papers take every opportunity to print any information that may come into their hands, and in some cases do not even investigate the source of such information. We feel that this is the case in this instance as numerous anonymous letters with copies of the articles in question have been sent to the President of the Vancouver Stock Exchange, President Vancouver Bond Dealers, and several other sources where such articles would tend to do the most harm.

We have every reason to believe that these articles were inspired by a party of the name of Hymans, an English Jew, associated with Girdler and Company, a high-pressure stock selling organization with headquarters in London. Hymans was in British Columbia last Fall, and canvassed most of the Brokerage Houses with a view of securing some issues to place in England, representing that he was the party who was responsible for the success of the Whitewater Issue. You may have seen several articles in the Local Press covering interviews given by this gentleman.

It was necessary for us to go out of our way to stop these rumours, as being conversant with the reputation of Hymans in the Old Country we did not wish responsible people to get involved with him. We were successful in several instances, but unfortunately were not able to prevent him underwriting some Victoria stocks, including an issue of "Lakeview".

Our judgment in the matter was correct as you will find out by making a few inquiries as to the present status of this offering in the Old Country.

Just before Hymans returned to England he called upon the writer personally and threatened reprisals stating particularly that he would advertise the fact that the 25% dividend that was to be paid in December had not been paid, and he was going to lay a charge against us for misrepresentation.

These articles are, as stated before, a direct outcome of his vindictiveness. However, the fact remains that certain articles have been published and you are directly interested in the protection of British Columbia's credit.

First, in reference to the allegation that considerable stock was sold on the representation that a dividend of 25% would be declared in December.

In the first place we would point out that the stock that was sold was Preferred as to principal only, that is to say, 100,000 shares of Preferred stock was offered, which amount was repayable from the earnings of the mine, and when the said stock was fully paid it would revert to Ordinary.

The source of the above mentioned information is probably from a letter dated the 4th of August, which we received from the Managing-Director of the mine, from which we quote as follows:-

"There is no report by Pat Stewart, other than the one in the Prospectus and we have not figured on getting any further report. There is really nothing to get a report on until we complete the suggestions he made in his last report. The first work done in compliance with that report has opened up an ore shoot, between the footwall and the hanging, that has a length of 350' and a width of from 5 feet to 20 feet. This will make some fine tonnage when we get to mining on it.

"At present we are continuing our crosscut, and have been past the ore for thirty-five feet, and we think, judging from the look of the face yesterday, that the next three or four rounds will put us into the hanging, or main Whitewater vein, and we are hoping that we may cut ore when we cut the vein. I will wire you if we do so. I am going to the mine tomorrow, and will not be back until Friday - meanwhile, all office work is at a standstill.

"I am enclosing you a couple of copies of the Smelter returns on Lots 40 and 41. Lot 42 is not yet to hand, but will be along in a few days - it is the better car of the bunch.

"I gave orders yesterday to start our 250' raise, to give us a chute for ore, and, when this is completed in about 60 days, I am then going to start mining ore and shipping. I am somewhat figuring on accumulating a surplus and paying about \$25,000 dividend for Christmas, provided you have cleaned up your option.

"The Whitewater is not going to be a 'flash in the pan', and therefore any plans I make have to be of a permanent nature, and so we have to stick to them and not let ore shipments take precedence over the work necessary to properly open up the mine.

"The plant has been nearly all re-conditioned, and our bunkhouses etc. should be turned over to me tomorrow. I am very pleased with the way everything is going up there, and know you will be when you find time to come up and see us."

However, it was impossible for Mr. Burgess to carry out his original intentions owing to situations cropping up over which he had no control.

A dividend amounting to 10% was finally declared and distributed to the shareholders on the 10th of this month. Another dividend of 15% will in

all probability be paid in June, sufficient funds being on hand to more than take care of this at this time. Shipments are going steadily forward to the Smelter and the Preferred stock should be retired this year.

A copy of engineer's report, (similar to the one sent you), along with a financial statement is being distributed to the shareholders, and we have had no complaint from any Whitewater shareholder. If any such complaint was ever received by us we would be glad to return the investor's money plus Bank interest.

Referring to the article in "John Bull".

Under date of March 31st Mr. Court writes as follows:

"I enclose you herewith copy of an article which appeared in "John Bull". You will immediately grasp the significance of this and realize the amount of damage it is liable to do. I also enclose you copy of a letter which I drafted immediately upon reading this, but of course I did not send it in to "John Bull" but put the matter in the hands of one of the best firms of Solicitors in London, Messrs. Linklaters & Paines, (of 2 Bond Court, Walbrock, E.C.4.), who act for the British ^{Canadian} Electric Railway here.

"I am advised that I have a very good case for damages, and I really believe that I could make them come through pretty heavily, but at the same time the Solicitors advise me to treat the matter with dignity. They are writing "John Bull" demanding that they retract every statement made, not only in their own paper, but in the Daily Press. I feel sure that this is what will happen as they do not like a law-suit where they have no ground to stand on.

"The fact is that this man Wegoda simply tried to get back on me and went to the Editor and told him a pack of lies, which the Editor did not attempt to confirm, but just printed. You will remember that I was introduced to these fellows (Green and Wegoda) by a firm of Chartered Accountants when I first arrived over here, and the enclosed letter explains the transaction so far as they are concerned.

"As you can imagine, this is a scandalous slur on my personal integrity and has upset me very much. Nevertheless, knowing as I do that I am absolutely in the right and that the whole article is unjustified, it gives me considerable relief. I will naturally keep you posted as to how the matter turns out. I have just been in touch on the phone with the Solicitors, who inform me that it is not wise to hurry the matter, and a letter will be forwarded to the Editor of "John Bull" directly after the Easter Holidays, when they will have got together all the necessary information, including Bank reports on ourselves, which I am sure are all in order."

We believe this speaks for itself.

As regards the article in "Truth" of the 17th of February.

Captain Hutton, the party referred to in this article is in no way connected with us. It is just possible that he may have optioned some stock from Court, but we are investigating this matter fully, and you can rest assured

that steps will be taken to prevent any such repetition.

You, of course, are familiar with the merits and demerits of this Property. We have forwarded to you a copy of a recent report on the future prospects of the mine by Arthur Lakes M.E., of Nelson. We have every confidence in Whitewater assuming its former position as the leading Silver-Lead-Zinc property of the Province, and we believe instead of reflecting on British Columbia's credit, it will eventually turn out one of the biggest ads for British Columbia Mining in the Old Country.

We again wish to express our regret that it is necessary for such discussion to arise, and you can depend upon our cooperation at all times to safeguard as far as lies in our power British Columbia's mining credit.

If there is any further information we can give you please call upon us and we will be glad to supply same.

Yours very truly,

MILLER COURT & CO. LTD.


Per

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MEMBERS
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VANCOUVER GRAIN EXCHANGE

Miller
2/13/27

The Honourable William Sloan,
Minister of Mines,
Victoria, B. C.

Dear Sir:-

Re Whitewater Mines Limited.

This will acknowledge receipt of your letter of April 13th drawing our attention to certain representations being made in connection with the sale of the above mentioned stock in the Old Country.

In the same mail copies of the articles referred to in your letter were received by us, and also information pertaining to the source of these articles.

We are going into the matter fully and will be glad to hand you complete file in the course of a day or so for your information.

Yours very truly,

MILLER COURT & CO. LTD.

W. Miller
Per

PROPERTY FILE

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