

004301

1926

DEPT. OF MINES

Rec'd MAY 25 1926

Ans'd



THE GOVERNMENT OF
THE PROVINCE OF BRITISH COLUMBIA.

TELEGRAPHIC ADDRESS:
"COLUMBARY, PICCY, LONDON."

CABLE ADDRESS:
"FINGENER, LONDON."

TELEPHONE NOS:
REGENT 266 & 6857.

Office of the Agent General for *British Columbia*

British Columbia House,

118 3/4, Regent Street, S.W. 1.

LONDON. 3rd May, 1926.

PROPERTY FILE

2926

Dear Mr. Sloan,

Re Whitewater Mines, Limited.

I beg to acknowledge your letter of the 13th ultimo in reference to the activities of the representatives in this Country of the above mentioned Company.

The subject matter of your letter has received our closest attention for the past 2 years. During that time enquiries have been made by prospective investors in the Whitewater Mines and when the first enquiry was made your Department was communicated with requesting information as to the nature of the investment. The reply received from your Deputy was dated 2nd April, 1925. Since that date we have secured information from the Provincial Mineralogist under date of the 6th April, 1925, from Mr. Ronald Hewat, Gold Commissioner for the Slocan District; from Mr. F. A. Starkey, and also from Mr. E. A. Haggan of Vancouver, who is at present on this side. We have also enquired from Mr. J. R. Court who has always been ready to answer any questions put to him.

Regarding the activities of Mr. Stanley W. Hymans, a member of the firm of Girdler & Co. Ltd., who has written you drawing attention to certain articles printed in "Truth" and "John Bull", I regret to state that from all the information I have been able to gather he does not appear to be a man of particularly high standing. You will recall that on March 18th last I wrote you in reference to this man consequent upon receiving certain information from British Columbia relative to his activities while in our Province. My informant stated that according to his judgment Mr. Hymans was a person whose activities should be closely watched by ourselves in London. Mr. Hymans had a long interview with Mr. McAdam, my Secretary, on the 16th March, in reference to the affairs of the Whitewater Mines; information was supplied to him based on the reports we have on file. Mr. Hymans discussed with Mr. McAdam the article that appeared in "Truth" and he was informed exactly the nature of the permission that was granted to Captain Hutton to have his mail addressed care of our Office. In this regard I have to inform you that Captain Hutton formerly lived at Vernon, British Columbia, and came to me prior to Broadcasting with the request that any correspondence in response to his Lecture be addressed care of our Office. I secured information as to the nature of Captain Hutton's Lecture and as it was confined entirely as to the question

of settlement in the Dominions, particularly referring to the Province of British Columbia, and bearing in mind the fact that he had been a resident of our Province, I could not very well object to his request. I am sending you, under separate cover, a copy of the address that was Broadcast and you will see that there is nothing of an objectionable nature, but rather beneficial to the Dominion.

Captain Hutton is not a tenant of British Columbia House, and I can assure you that the very utmost care is taken before we consider the application of any firm who desires to occupy Offices in our Building. Our customary enquiries are not confined to the question of financial standing, but include references pertaining to the personal character of anyone applying.

With regard to the matter of advertising. During the past year we expended out of our appropriation of approximately £600 allocated for advertising, the sum of £100 specially dealing with the Mining developments of British Columbia. We receive a very considerable demand from reputable and influential papers for additional advertising dealing with the mining activities of our Province, but on account of lack of funds we are not able to do so, much as we desire.

I might mention that we have on one or two occasions advised the Proprietors of "Canada" who publish a very excellent mining supplement each month, to communicate with your Department asking for an advertising appropriation. We consider this publication should receive better support from our Government, but this is not possible out of the fund at our disposal.

Only a few days ago Mr. Hymans addressed 2 communications to this Office asking for information as to the names, Directors, capitalisation, and the fullest detail of the various mining Companies in operation in British Columbia, and with a view to assist him in getting this information we sent forward his enquiry to the Bureau of Mines at Vancouver.

Mr. Hymans is well aware that we are actively watching the interests of our Province in view of which fact I am at a loss to understand his anxiety to acquaint you with the matter before mentioned.

I am, Sir

Yours very truly,

F. A. Pauline

Agent General for British Columbia.

Hon. Wm. Sloan, M.P.P.,
Minister of Mines,
Victoria,
BRITISH COLUMBIA.

P.S. I am informed to-day that Girdler & Co. paid 25 cents less 25% for their shares in Whitewater Mines which now are quoted at 2/6d.

That a 10% dividend on Preference Shares was received here April 30 and that a further dividend of 25% will be paid on June 15 next. That Mr. Hymans was "John Bull's" authority for the item which he quotes and which John Bull in their issue of May 1 (copy mailed) retracts.

GIRDLER & COMPANY LTD.

DIRECTORS:
HON. THE LORD VICTOR PAGET, M.C.
S. W. J. HYMANS.
M. KEATING.
E. LAW, C.B.

TELEPHONE: LONDON WALL 2997.
CABLES: GIRCUM LIM, LONDON.
TELEGRAMS: GIRCUM LIM, STOCK, LONDON.

1926

102 Gt. Winchester Street.
 DEPT. OF MINES
 Rec'd APR 12 1926 *Old Broad Street.*
 Referred to.....
 Ans'd

London, E.C.2.

29th. March 1926.

Minister of Mines,
VICTORIA,
BRITISH COLUMBIA,
CANADA.

1987

Dear Sir,

We are sending you by this post a copy of "JOHN BULL" dated March 27th. and refer you to Page No. 14.

Also we enclose you an extract from "TRUTH" dated February 17th.

It is this kind of thing that brings British Columbian Mining enterprises into grave disrepute in this Market.

We bought last year a large number of Whitewater Mine Shares on behalf of our Clients on representations made to us in writing by Mr. Court of Miller, Court & Co., that a Dividend of 25% would be declared last December. So far no Dividend has been paid, nor have we received any communication whatsoever from the Company.

We think, Sir, that as Minister of Mines you should take this matter up, both with the Company and Messrs. Miller, Court & Co., of Vancouver, and for the credit of British Columbia see that they pay this Dividend, as we understand not only were these representations made to us but to other Shareholders that Mr. Court sold to in this Country.

Yours faithfully,
FOR AND ON BEHALF OF GIRDLER & CO. LTD.

Arthur H. Girdler

PROPERTY FILE

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7 & 2, St. Winchester Street.
Rec'd APR 12 1926
Referred to.....
Ans'd

Old Broad Street.
London. E.C.2.

*dit no
no previous
action taken*

1988

The Minister of Mines,
VICTORIA,
BRITISH COLUMBIA,
CANADA.

30th. March 1926.

Dear Sir,

With reference to our letter of the 29th inst.,
re Miller, Court & Co., and Whitewater Mines, Ltd., we
shall be glad if you will treat what we wrote you and
sent you in confidence and not mention our name in the
matter.

Thanking you in anticipation.

Yours very truly,
FOR AND ON BEHALF OF GIRDLER & CO. LTD.

D. M. Mount
Secretary.

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SHARE TOUTING BY WIRELESS.

The British Broadcasting Company takes every conceivable precaution to prevent the misuse of its wireless service, and I am sure that the management will strongly disapprove of the sequel to a "talk" on Canada - with special reference to the prospects for settlers in British Columbia - which Captain G. E. Hutton was allowed to give from 2 IO on January 7. No doubt this gentleman was officially introduced to the B.B.C., and no doubt, too, his discourse was not in itself open to objection. He invited any listeners-in who were interested in the subject to write to him for fuller information at British Columbia House, Regent Street - the office of the British Columbian Government in London. A Scottish listener, Mr. X, did so, explaining that he was an engineer, but wished to go in for farming. Captain Hutton did not reply from British Columbia House, but from 14, Windsor House, Victoria Street, S.W., saying that before giving advice he would like to know "whether there is any capital behind you." Mr. X's answer was to the effect that he had £100 available, with £400 to come in two year's time. To this Captain Hutton replied that he could not hold out very much hope for him with that capital in British Columbia, but went on to suggest that he might turn his attention more "towards the mineral resources of British Columbia," adding :-

With the capital you have there is no limit to the amount of money you could make by investing even a portion of it judiciously. If this subject interests you, I shall be pleased to send you particulars, and incidentally would inform you that only a very short time ago the ex-Governor-General of Canada, the Duke of Devonshire, placed a large amount of money in one of the great silver, lead and zinc mines in Southern British Columbia. From such a well-known and thoroughly established mine the net profits amount to nearly £5,000 per month and dividends between 30 to 50 per cent. may be confidently expected for years to come. Unfortunately the Americans are reaping 90 per cent. of the mineral harvest of British Columbia owing to the fact that the people in this country are too slow to take up the wonderful opportunities which are offered to them.

Stating that he might be disposed to accept a job in the mines, Mr. X. asked for the promised particulars. These were forwarded by Captain Hutton in the shape of a prospectus and other papers relating to an issue of shares of Whitewater Mines, Ltd., a company incorporated in British Columbia. Captain Hutton's covering letter, after various favourable remarks about the company, concluded as follows :-

I am now in a position to be able to offer the few remaining £1 ordinary shares at 2s. 2d., and there is not the slightest doubt that as soon as these shares are placed on the stock exchanges of Vancouver and London they will command the price of £2 per share right away.

I most strongly recommend this to your notice, and if you require

PROPERTY FILE

any shares you must be quick, as they are selling very rapidly, many having been placed within the last ten days.

Regarding your inquiry as to the prospects for engineers in the mining line in British Columbia, I have very little doubt that if you become a shareholder in the Whitewater mine and see Mr. Court, the resident director in this country, he could get you placed on that mine in British Columbia.

The gross impropriety of this touting of shares as the outcome of what appeared to be an official or semi-official wireless lecture on Canada is obvious. It would have been a gross impropriety even if the shares had been a perfectly good investment. Those of Whitewater Mines are not an investment but a speculation - a speculation of which the City Editor of TRUTH wrote in August last that he was not favourably impressed by the "literature" that was being circulated, and that people would do better to confine their attention to shares marketable on the London Stock Exchange. Just over a year ago the Whitewater shares were being offered by a shady concern styled the Inter-Empire Finance and Investment Co. Last summer another concern was seeking buyers by the discredited and dangerous method of the personal canvass. At that time 4s. 6d. each was asked for the preference and 2s. 6d. for the ordinary. Despite the brilliant prospects of the company - from which he says that dividends of 30 to 50 per cent. can be confidently expected for years to come - Captain Hutton now offers the ordinary at 2s. 2d. each. The particulars that he circulates include what are apparently private letters addressed to him personally by the Duke of Devonshire, who in one of them very naturally says that he "hopes all will go well" with the mine. I am confident that the Duke will be highly displeased at this use of his letters for the purpose of share-pushing, and, anyhow, the fact - if it is a fact - that he has ventured what is for him a quite modest sum in the company is no reason why other people should follow his example. The Duke of Devonshire can afford to run risks of loss which small investors - such as Mr. X., with his capital of £100 - should eschew.

Like Captain Hutton, Mr. J. R. Court, whom he describes as the resident director in England of Whitewater Mines, has an office in Windsor House. Mr. Court's association with the enterprise is not exactly a recommendation. In 1920 he came over here as the "special envoy" of the Spartan Oil Co., of Vancouver, whose prospects he painted in the rosiest colours when selling its shares. About a year later he was here again selling the shares of a wonderful proposition called Silver Crest Mines, Ltd., of British Columbia. It would be instructive to learn what happened to those two concerns. Neither can now be traced in the usual books of reference.

13th April, 1926.

Mr. Pauline, Esq.,
Agent General for British Columbia,
British Columbia House,
1 and 3 Regent St., S.W.,
LONDON, England.

PROPERTY FILE

Dear Mr. Pauline:

Re: Whitewater Mines, Limited.

Am attaching herewith, for your information,
copy of correspondence received from Girdler and Company,
Limited, with regard to the sale of stock in the above Company
in London, and representations made in connection with same.

You will note that it is alleged that those who
invested were assured that a dividend would be paid and that
this assurance was given by Mr. Court of Messrs. Miller, Court
and Company, Vancouver. You also will note that a rather
sharp criticism is voiced by "Truth", with reference to the
method used in order to sell the stock in question. On page 14
of issue of "John Bull" of 27th ult. you will find an article
dealing with Mr. Court's activities.

Upon investigation here, it is established that
the Whitewater Mines, Limited, is a British Columbia corporation in
good standing at this time on the records of the Registrar of
Companies. A reference is made to the property in the Annual
Reports of the Minister of Mines for 1923 and 1924; and also on

page 26 of the "Summary of Mining Operations for the Eight Months Period from 1st January to 31st August, 1925". It would seem that the property is being developed in a legitimate manner and that it has possibilities. The only criticism here is that representations were made as to the immediate payment of a dividend which has not materialized. I quite appreciate that it is difficult to protect investors, but it is suggested that it might be advisable to give publicity, through advertising and by any other means possible, to the fact that your office has available all the latest official information regarding the operations of mining companies and the development of mining properties in British Columbia. The need of some such action, as well as the exercise of care in the personnel of those obtaining office accommodation in British Columbia House, appears to be emphasized by the fact that a Captain G. E. Hatton in broadcasting from a station of the British Broadcasting Company invited his hearers to write to him for fuller information at British Columbia House in London.

If you can throw any further light on this latter point, or can give me any information regarding the particular matter under discussion, I shall be pleased to receive the same.

With kind personal regards,

I am

Yours faithfully,

Minister.

13th April, 1926.

Hiller, Court and Company, Limited,
736 Granville St.,
VANCOUVER, B.C.

Dear Sirs:

Re Whitewater Mines, Limited.

Representations have been made to this Department from London which allege that considerable stock in the above named Company has been sold in the Old Country on the representation that a dividend of Twenty-Five Per Cent would be declared in December of last year. It is pointed out that this dividend has not materialized and those complaining take the position that some action should be taken in order that British Columbia's credit may be protected.

In this connection copies have been furnished of an article appearing in "Truth", 17th February, 1926, entitled "Share Touting by Wireless", and also of an article published in "John Bull" of the 27th ult., giving an account of the difficulties of one Alexander Wegoda, who, it appears, was engaged in the sale of stock on a commission basis. For your information, an attaching a copy of the first-mentioned article and an excerpt taken from the latter.

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Any statement that you may care to make in regard to
this matter will be appreciated.

I am

Yours faithfully,

Minister of Mines.

Encl.