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EDITORIALS

According to a statement recently issued by the auditor for the Dominion Trust Company, W. E. Hodges, it appears that he notified the directors months ago that the company was in bad shape. This, too, apparently, was published in the Victoria Times and if Mr. Bowser didn't know of it he must be very stupid, indeed. When it is considered, too, that the Dominion Trust Company was the only trust company in the province that escaped the quarterly inspection of the government and that Mr. Bowser's partners were solicitors, and one of them a director of the company, the tendency is to throw the weight of the whole failure on the shoulders of William J. Bowser.

But Mr. Bowser himself has practically admitted the fault of the government. He has placed \$250,000 at the disposal of the creditors of the company and has employed an expensive solicitor to fight the case for the depositors. If the government were not morally responsible, at least, why should he do this? He didn't pretend to assist the creditors of the Bankers' Trust Company, nor of the many other bankrupt concerns in the province; so, why do it for the Dominion Trust Company unless the government was at fault? Everything points to the guilt of the Attorney General and the McBride government.

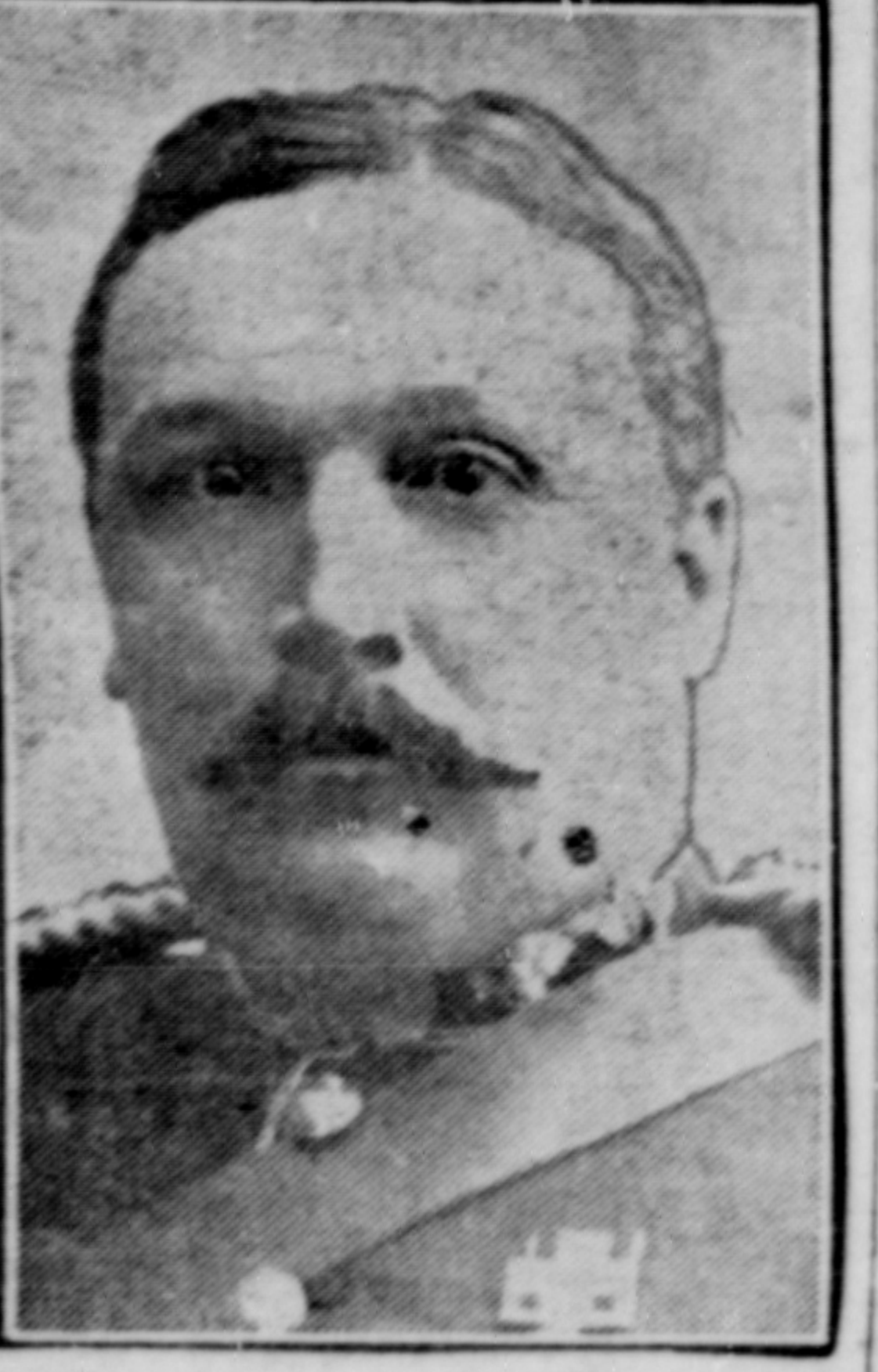
During the budget debate Hon. George Graham, with the consent of his colleagues in the opposition, made the offer that if the government would leave the British preference untouched, the amendment to the proposals of the Finance Minister submitted by Sir Wilfrid Laurier would be withdrawn and the Liberals would advance no further opposition to the increase in the general tariff.

That was a fair offer. It asked for no other concessions than one that could be justified by the highest patriotism and the truest imperialism. It simply sought to put an end to the relentless warfare on British imports which has been waged by a few grasping, selfish interests ever since the British preference was adopted. It was urged by the opposition in sympathy with the herculean efforts British tradesmen are making to surmount the obstacles created by the war.

Britain's overseas trade is

her lifeblood. Without it she could not continue to play her part in the struggle or to furnish her poorer allies with funds. To protect her trade routes her great navy is keeping sleepless guard on all the seas. What more practical patriotism could Canada have shown than by announcing that although forced to increase her tariff rates on goods imported from other countries the British preference would not be touched? The only discordant note that would be raised by such an announcement would issue from the handful of men who are insisting that before another election they be compensated for the services they rendered in the last one; but that protest would not be heard in the chorus of approval which would arise from the Canadian people.—The Victoria Times.

McBRIDE'S DAY IS DONE



MAJ. GEN. SAM STEELE,
 Who is expected to command the Second Canadian Contingent. While heading a recent parade of 10,000 soldiers in the Toronto division, he fell from his horse and was temporarily indisposed.

MINERAL ACT.

Certificate of Improvements. NOTICE.
 Starlight, Homestake No. 1, and Sunrise Mineral Claims, situate in the Skeena Mining Division of Cassiar District. Where located: On the North Shore of Grandy Bay between Bonanza and Falls Creeks.
 TAKE NOTICE that I, George R. Naden, Free Miner's Certificate No. 60353B, acting as Agent for Thomas McHostie, Free Miner's Certificate No. 80348B, and James L. Hatch, Free Miner's Certificate No. 79396 B, intend, sixty days from the date hereof, to apply to the Mining Recorder for a Certificate of Improvements for the purpose of obtaining a Crown Grant of the above claims.
 And further take notice that action, under section 37, must be commenced before the issue of such Certificate of Improvements.
 Dated this 15th day of March, A. D. 1915.
 GEO. R. NADEN.

DOMINION TRUST'S PRODIGAL ACCOUNTS HAVE BEEN EXPOSED

OVER A MILLION DOLLARS WERE TAKEN OUT BY THE LATE MANAGER, W. R. ARNOLD—AUDITOR PUBLISHED A STATEMENT MONTHS AGO OF STANDING

"I might say in conclusion that in our capacity as auditors we have been aware for the last nine months that the funds were not being applied in all cases to our satisfaction, and we have pointed this out on two or three occasions by letters addressed to the directors." This statement concludes a letter written on September 30, 1914, by Mr. W. E. Hodges, of Riddell, Stead, Hodges and Winter, the Vancouver firm of auditors which acted for the Dominion Trust Company, to the provincial inspector of trust companies, and reprinted in the Victoria Times.

Reporting to the inspector on October 20 last, Mr. Hodges says: "I have to report that the present financial condition of the company is most unsatisfactory, which is due to the fact that very large amounts of money have been invested in real property which has depreciated in value; also to the fact that very large amounts of the company's own funds held for clients have been used for real estate and other speculations, which have not been successful, in which some of the directors and officers of the company are interested personally, and also indirectly as shareholders and directors of other companies.

Partial List of Investments.

"I am submitting herewith a statement showing a partial list of the investments made in the securities above referred to, together with a short memorandum of the security held. Although I am not in a position to report upon the value of the securities at the same time in some instances I am convinced that the loans are not sufficiently protected. The following is a list of the loans and assets which require comment:

W. R. Arnold's account, consisting of:	
(a) W. R. Arnold	\$ 142,928.17
(b) Syndicate No. 8	595,310.59
(c) William Philip	259,494.34
(d) George A. Barrett	62,903.39
Total	\$1,060,646.59

Indebtedness of Arnold.

"All of the above really represents the indebtedness of W. R. Arnold to the company, with the possible exception of a comparatively small amount in William Philip's account. I have recently found out that William Philip really exists, at the same time Arnold held his power of attorney and used his name for fictitious purposes.

"There are some documents on file signed by Mr. Arnold in which he had directed his accountant to charge his personal account with all the disbursements made on behalf of Syndicate No. 8, which originally consisted of about fifteen persons, although there is no evidence to show what interest they held in the syndicate. It appears that a portion of the amounts paid out by the company and charged to Syndicate No. 8 were used for the purpose of purchasing back the interest of some of the members from time to time when they be-

came dissatisfied, and I do not think there is enough documentary evidence at hand to determine the liability of the other members to pay any portion of the indebtedness.

Use of Life Insurance.

"Therefore I am of opinion that the only recourse the company can have for recovery is against the estate of Arnold who, in his will, has directed that all his life insurance, with the exception of about \$95,000, is to be paid to the Dominion Trust Company, and to be applied to reduce the indebtedness of Syndicate No. 8. It has been estimated that the amount of this bequest will be about \$300,000. The assets of Syndicate No. 8 consists of about thirty of forty different parcels of real estate, which are encumbered, or have liabilities on them under agreements. The Syndicate's largest investment consisted of the assets purchased from Barrett and Deane, which consisted mainly of the Empress Theatre, apartment house adjacent thereto and a parcel of land in Burrard Inlet at Roche Point.

"There is a first mortgage against the theatre and apartment house of \$225,000, and it has recently been discovered that there is a second mortgage of \$120,000, bearing interest at the rate of 60 per cent. per annum, which is guaranteed by the Dominion Trust Company. The fact of the liability of the Dominion Trust Company under this guarantee was not revealed by the managing director, nor by any of the officials either to the directors or to the auditors of the company, and it is only since the death of Mr. Arnold that it has been found out.

"I may add that this guarantee is signed on behalf of the Dominion Trust Company by E.P. Miller, general manager, and A. H. Bain, secretary, and I would suggest that you recommend to the directors that the services of these officers be dispensed with at the earliest possible moment, because I consider the withholding of this information practically amounts to fraud.

Value of Assets Indefinite.

"From the above, and also because there are numerous liabilities on the real estate of this syndicate, it will be seen that the value of the assets is indefinite, because it may be that the Dominion Trust Company will be unable to fulfil their obligations in order to protect property.

Barrett and Deane	\$22,500.00
Vancouver Industrial Sites, Ltd.	45,881.00
Imperial Car and Shipbuilding Corporation, Ltd.	4,495.82
Total	\$72,876.91

"These loans were made on indifferent security, and all of them were made on behalf of the Vancouver Industrial Sites, Limited, and also the Imperial Car and Shipbuilding Corporation, Limited, in which I believe Mr. Arnold had a private interest.

Western Canada City Properties \$407,198.85

Vancouver Dock and Harbor Extension Co. Ltd.	140,000.00
Pretty's Timber Exchange	21,500.00
T. R. Pearson	191,089.94
Pearson's, Limited	26,411.66
R. L. Cliff	50,000.00
Total	\$438,990.47

Interest Not Paid in Cash.

"All the above appear to have been made either to T. R. Pearson personally, or to companies in which he held a large interest, and was also a director. I may add that Mr. Pearson was a member of the advisory board of the directors whose duty it was to authorize all loans before they were made. The interest on several of the above loans has not been paid in cash, credits being passed by which the indebtedness to the Dominion Trust Company was increased each time the interest became due. Interest, amounting altogether to \$79,212.35, has been credited as paid in this way.

"I will point out that the loan to the Vancouver Dock and Harbor Extension Company, Limited, of \$140,000, was made out of funds belonging to J. W. Oxley, and practically the only securities given were equities in lands purchased on Lulu Island, presumably for the Vancouver dock and harbor extension scheme. In order that Oxley's title may be secured it is necessary to still pay large sums of money under the agreements by which the land was originally purchased; therefore his security is practically worthless.

Alvensleben Real Estate Deals.

Alvo Von Alvensleben \$1,142,549.41—
 "This figure is the result of numerous transactions in real estate deals between Alvo Von Alvensleben, Arnold, Philip and the company. The company holds several securities of all kinds, the value of which at the present time it is impossible to determine. I am of the opinion, however, that at least one-half of the account will be lost. In addition to the amount shown above, I find the Dominion Trust Company have guaranteed a second mortgage on Alvensleben's house at Kerrisdale for \$50,000 at 45 per cent per annum. The fact that this liability existed was wilfully withheld both from the directors and auditors of the company, and it was only by making an independent search of the property that I became aware of the liability, which I communicated to the directors.

Natural Resources Security Company, Limited

Company, Limited \$83,920.16—
 "The security for this is an agreement for sale of 10,490 acres of land in Cariboo, and also the covenant of the purchasers, which is supposed to be good. At the same time none of the principal is being repaid and the interest is very much in arrears.

"I have only commented upon the loans on which I consider the largest losses will be made. The total of the sums included in the list I have prepared amounts altogether to \$4,858,636.14. I have no doubt that a large number of these will be realized without loss, but at the same time there is no doubt that the losses on some will be very large. Out of the total list submitted the sum of \$1,679,862.23 is represented by investments made from clients' against losses, with the exception of the funds belonging to the first mortgage investment receipts

Continued on Page Three

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