

ANTI-FRAUD LAW OF WASHINGTON

Promoters Believe that
Business has Been Encouraged by it.

Washington has been one of the first states to enact legislation designed especially to protect mining investors from the operations of fraudulent schemers, says a Spokane dispatch. It has been more than a year since the legislature passed the law to subject promoters who misrepresented the facts concerning their propositions to a penalty, and it is interesting at this time to note that not one case has yet been prosecuted under the statute. This circumstance might lead to the opinion either that the authorities were lax in enforcing the law or that the provisions of it were not such as to reach those who desired to perpetrate fraud, but the father of the act expresses the opinion that it is in every way adequate and that it has been effective in raising the standard of mining promotion operations in this state. He says that those who might be prone to misrepresent their propositions are deterred from so doing by the new statute.

However this may be, the law is a good one, so far as it goes, and Washington promoters who have felt that the industry is injured by fraudulent operators declare that it serves as a protection to them and enables them to work without fear of suspicion when it comes to the statements which they make to the public. Some of them go so far as to quote the law to their clients as an indication that they could not afford to misrepresent, even if they were disposed to do so. In view of the fact that so many mining investors dwell in the east and have to depend in great measure upon information which they receive from the west, such a law gives them greater confidence in the investment business. It is the general opinion here among those who have thought of the matter that other operators in other states would do well to urge upon their legislatures the enactment of similar laws.

The bill which has been enacted into law by the state of Washington was introduced into the legislature by Joseph Lindsley, of Spokane, January 29, 1903, its purpose being to check illegitimate dealings in mining stocks.

It is said to be one of the most severe measures of this nature ever passed by any state and permits the investor who has been defrauded through false representations to prosecute the perpetrator in the criminal courts. The act is as follows:

Section 1. Any superintendent, director, secretary, manager, agent or other officer of any corporation formed or existing under the laws of this state, or transacting business in this state, and any person pretending or holding himself out as such superintendent, director, secretary, manager, agent or other officer, who shall willfully subscribe, sign, endorse, verify or otherwise assent to the publication, either generally or privately, to the stockholders or to other persons dealing with such cor-

porations, or its stock, any wilfully untrue or wilfully fraudulently exaggerated report, prospectus, account, statement of operations, values, business profits expenditures, or prospects, or other paper or document intended to produce or give, or having a tendency to produce or give, to the shares of stock in such corporation a greater value than they really possess, or with the intention of defrauding any particular person or persons, or the public or persons generally, shall be deemed guilty of any offense against the laws of the state of Washington, and upon conviction thereof, shall be punished by imprisonment in the penitentiary or county jail for not more than five years; or by a fine not exceeding five thousand dollars, or both.

Chapter 93, Laws of 1903, Page 141.

At the time of the passage of the bill promoters all over the state were anxious to know the result of its adoption. As far as the state records go there has been no result, for not one case has been tried under that act.

It has had its effect, however, and promoters generally say that there has been less illegitimate business done in Washington since its passage than ever before. The penalty is severe and there is a terror in such punishment. Before the passage of the bill the stockholders who had invested his money in worthless stock, for the benefit of the promoter, had only a civil action to recover his money.

The bill is comprehensive and covers almost every method of fraudulent dealing in stocks. It was framed for the express purpose of stopping wildcat jobs. Before the passage of the bill many promoters made money by defrauding the investors with extravagant circulars and prospectuses, but that is seldom attempted now, as the law is feared.

GETTING A CREW TOGETHER FOR GEM

Harry Hendryx came back from Baker City today where he was looking after the details of Gem operations. This property, as stated, has been taken over by the Gelsner-Hendryx people for eastern clients. Operations are to be started at once.

C. S. McLain left here yesterday to look after the overhauling and immediate operation of the machinery, and Henry Dodson, formerly of the Tabor Fraction and the Bonanza is getting a crew of men together to assume the superintendency of the mine. Resumption under the new management will take place at once. The Gem is an old property located in the Sparta district.

D. R. & N. SUMMER BOOK.

The handsome 1904 summer book, "Restful Recreation Resorts," issued by the passenger department of the Oregon Railroad and Navigation company, is just out. It tells all about the summering places of the Columbia river valley—a brief description of the trips up and down the Columbia river, to the mountains, beaches, inland resorts and fountains of healing, where they are and how to reach them. The book has a special designed front cover, printed in two colors, and the inside pages are splendidly illustrated by costly and beautiful half-tones. A copy of this publication may be obtained by sending two cents in stamps to A. L. Craig, general Passenger agent of the Oregon Railroad and Navigation company, Portland.

RED BOY WILL SOON BE OPERATING AGAIN

Messrs. English and Godfrey in Town and
Will Visit the Property
Tomorrow.

John G. English, of Danville, Illinois, one of the heavy stockholders in the Red Boy, and E. J. Godfrey, of Portland, former manager of the company, arrived in town this morning from Baker City, where the adjustment difficulties of the company which have been in progress for some time, finally reached a conclusion. In this regard the Democrat of this morning says:

"In the circuit court last evening there was present before Judge Eakin the leading stockholders, attorneys and Receiver John Thomsen in the matter of O. O. Benson against the Red Boy Consolidated Gold Mines company. The occasion was the presentation of Receiver Thomsen of his report of monies received and expended. He showed that he had received all told \$84,507.60 and that he had paid out for claims allowed \$67,074.76 leaving a balance in his hands of \$17,432.84. The receiver asked for an allowance for his services

and an order for the disposition of the balance of the money. The court took the matter under advisement."

Mr. English today visited the Amazon, a property which he owns in the Cracker Creek district, and tomorrow he and Mr. Godfrey will take a trip to the Red Boy. Regarding the resumption of the latter, Mr. English says:

"I will remain in the district only a few days longer. I will go to Chicago where it is probable a re-organization of the company will at once be effected, and plans for future operation laid. I am not in a position to say just when work will be resumed, but matters are now shaping themselves rapidly in this direction."

At the Chicago meeting the operation and management policies will be settled, according to Mr. English, and a short time thereafter will see this old and well known property working again.

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