FINANCE, FRAUDS, AND FAILURES. |

BY THE AUTHOR OF "THE BUBBLES OF FINANCE."

Amongst ordinary Englishmen, how many were there five years ago who attached any defi-nite meaning to the word "finance," or in con-versation ever used the verb "to finance?" We had all read of the Minister of Finance in conti nental countries, and shortly after the great mutiny, British Ind a was not a little puzzled at hearing that the late Mr. Wilson had been appointed "Finance Minister" for our Eastern Empire. The office of the former we know was analogous to that of our own Chancellor of Exchequer; and we lamented the death of the latter, who so quickly met in the East the late of seven out of every ten Europeans who so late in life to that land of tae sun. But the substantive "finance" was rarely, and the verb "to unance" never, made use of, even within the preclacts of the city did business apply to the work of banking discounting, lending, or borrowing, the terms 'Finance," or 'to Finance." There were then as now, bankers in Lembard street, and to those who had good security to offer, it was never difficult to obtain aid in pecuniary diffi-culty. If a merchant wanted money, he used to take to his bankers the bills of exchange which he held, and which had been accepted by firms of respectability in consequence of merchandla sold or conveyed to their care for sale, and tuese documents, if deemed "good," the banker dis counted at the corrent rate of the day. Thus the merchant obtained money he required, whilst, in return for what he had disbursed, the banke held legal available security, for the payment of which two, three, or more firms were responsible and for which, if he wished to exchange for cur rent money, he, the banker, could always do so by what is called re-discounting. In the same way country gentlemen, landed proprietors, householders, or others who hat security to offer, could always get advances at a reasonable rate of interest, by depositing with their bankers equivalent security for the sum they

required. Nor was it only those who had substantia securities to place at their bankers' that could obtain advances or loans. If Captain Heavy "Bays" wanted a couple of hundreds or so to pull him through the Epsom week, what more natural than that he should get his friend De Saurey of the Guards to write his name across a piece of stamped paper, and with this document he should repair to Mr. Leverson and get him to "do" the bill, paying for the "accommodation" at the rate of between 60 and 100 per cent, per annum? Nor could the transaction be deemed altogether illegitimate, although it was certainly irregular. It was o vital importance to Heavy that he should ge money somehow, else how could he meet engagements at Tattersall's, or pay his brother plungers at the Rag what he had lost to them? Heavy has nothing that could be cauciform, stal," beyond his two chargers, his uniform, it gold watch, chain, rings, and scart-pins, in in addition to a plentiful, but mostly unpaid, wardrobe of clothes. It is true that his father allows him £500 a year; but he owes Poole alone half a year's income, and his "paper" is by no means unknown to the money-lending fraternity of London, Aldershot, and Dublin. Leverson knows this, and is equally aware that -beyond a yearly increasing crop of debt-Lieutenant and Captain the Hop. Arthur de Saurey, of the Coldstreams, the acceptor of the bill, has no property whatever. But Leverson trusts to the chapter of accidents, and for the chance of an immense profit is ready to run the risk of an The friends and relations of Heavy would not allow that foolish dragoon Saurey the younger son of an earl,

to be ruined for want of so small a sum. And even if his relatives fall altogether, is not surely his lerdship would never see his offspring reduced to go through the Bankruptcy Court Such is the train of reasoning of Mr. Leverson We have written of all these money dealings in the past tense, not because similar tran-actions are unknown at the present time, but be cause very few years ago there were, as a general rule, no other kinds of monetary business prac-tised amongst us. Unfortunately for the pocketand the prospects of many thousand English-men, it is now otherwise. It was an evil day for this country when the word "finance," and the undertakings known as "Finance Companies," became known in this country; and the mania of attempting to make paper represent money without money's worth being given exchange seized upon so many persons all classes and callings throughout the land. Ever since, failures in trade have been more frequent; and as the facilities of obtaining money for what represented nothing became more common, frauds, in the genera race for wealth, gradually came to be looked on as far less iniquitous than formerly. In fact, the introducing of "financing" amongst us ha been one of the most serious evils which ever afflicted our commercial world, calling into existence a race of men formerly unknown in business, and now called "pro moters of companies;" and it has gradually brought about the failures and panic which were witnessed in the city on Thursday and Friday, the 10th and 11th of May. The era of "finance" and "financing" in England tound our commerce flourishing, and conddence be tween men of business as great as it had ever been in the history of trade. It has ended; for, let us hope that we have, at any rate, seen the beginning of the end of the system in this country, by leaving our monetary dealings branded as gambling, and by spreading the curse of mutual distrust amongst all our trading classes. But to illustrate our meaning we will relate some facts which happened within our own experience.

Rather more than two years ago, one of th many financial companies which at that time were daily springing into existence, was brought out." The "promoters" of the concern were three in number. One was a solicitor without business, but who and not long before had to take refuge from his debts under the doors of the court in Basinghall street. The second was a Scotchman, who had never postessed of capital, or land, or business, but had been a traveller for a Dundee or Glasgo firm, and had lately settled in London taking a small office in the city and calling him self a commission agent. The third was a naval officer on half-pay, whose modest pension barel served to keep down the interest of his debts and who had managed to live in London for many years by the renewal of small bills at months, by touting for money-lenders and finding wealthy victims for bill discounters The first time these three worthles met to diseuss the prospectus of their proposed scheme t was at the office of the Caledonian "commis sion agent," and having ordered a lunch beef-steaks and "cooper" from a neighboring tavern, found, after they had discussed the meal, that the means of paying for it could not be raised among the three. The lad who brought them the repast said he "had master's orders not to leave without the money;" and so the half-pay lieutenaut, under pretense of "seeing whether a friend in the next office had any silver by him," went out and pawned for five shillings a silk umbrelia which he had the day before obtained on credit from a West End shop. Yet not only did these individuals manage to "float" a financial undertaking, which had a subscribed capital of one million, a very influential direction, and whose shares "came out" at three to four premium; but they also managed to divide among them no less than £10,000 of promotion money, their only regret being that they had not asked and obtained twenty.

But how, it will be asked, could men without means contrive to meet the ordinary expenses of starting a public company, to say nothing of getting men of position and means to lend their names as directors of a concern the promoters which were mere adventurers? To all save those acquainted with the inward life of "busi-ness" London, it would seem more than improbable that three individuals, equally bankrupt in character and purse, should be able to obtain the amount of credit requisite to start an undertaking which was to begin business with as large a capital as Rothschild or Baring

But the story is not the less true for all that, In the days of which we write—the end of 1863 and the first few months of 1864—men of all

classes were so eager to be 'on some good thing," so a raid that others should pass them in the race for riches, that they were willing, nay anxious, to lend their names to anything and everything that held out the most remote chance of gaining money. When the half pay lieu enant had induced an old brother officer who could write baronet after his name to become one of the directors, the Scotch "commission agent" had got the consent of a fellow-countryman, who had once belonged to a respectable Glasgow firm, to do the same, and the insolvent attorney had managed to swell the list by a so-called "captain" belonging to a good cittle, the battle was more than half won. It is true that each and every one of these "directors" had not only received written guarantees from the "promoters" that they would not be held hable for any of the preliminary expenses of starting the company, but were also to be paid, or promised large sums in paid-up shares of concert, before they would consent that their names should be published in the direction of the undertaking. Thus fraud was, from the very outet, perpetrated upon the intending shareholders of the concern. or C, of the outside world, applied for shares in a new company, he did so on the faith that some persons, whose names he saw on the direction, had really a bona fide stake in the company's undertaking, instead of which they had not only risked nothing whatever, but had really been paid for patronizing that by which they could lose little or nothing. What was this but the obtaining money under false pretenses? The finance company of which we write was not more dishonest in this respect than its neighbors. We believe, if the true history of the moet "respectable" of the finance companies could be made public, it would be the instances in which directors had duly qualified themselves for their posts by subscribing and really paying for a certain number of shares n hard cash were few indeed. In the concern in question there were, when the direction was completed, eleven gentlemen who had accepted seats at the board. They were each obliged, by the articles of association, to hold at least city shares, but of the eleven not one had paid for a single bare, and of the great majority it might been said with truth, their means weremeans of payment being investigated—much more "limited" than the liabilities of the share-

Still, it will be argued, there must be certain considerable expenses in the bringing out a new company, which have to be met with cash, and how could this be done by men utterly penniless? To the brave all things are possible, more particularly in London. In the case of which ve write, temporary others were bired, and what little furniture was necessary procured on the chance of being paid for at some future day, or given back should the concern not "float," The most serious expense was the advertising. The prespectus of new joint-stock companies are necessarily long. We have before us the prospectus of the finance company of which we write, and it takes up very nearly a column of the Times. The expense of each such advertisement cannot be less than twenty or twenty-five pounds. And when that has to be inserted for a fortnight in all the list or daily, to say nothing of the weekly and provincial papers, the sum equired must be something considerable.

Then newspapers do not give credit. To advertise is to pay down hard cash, and "no money, no advertisement," is a standing rule at all the newspaper offices in Loudon.

But even in this matter the wind is tempered to the shorn lamb; in London, there are such persons as "advertising agents," whose business t is to act as sort of middle men between the public who want to advertise and the newspapers that want advertisements, receiving a small commission from the former. In ordinary times and circumstances these persons merely act in he ordinary way of their calling. But in the days of which we write, there were some of them who added to their business a speculative trade, which they generally found pretty profitable They undertook to advertise embryo compan es in the public papers, and to pay all expenses of such advertisements en the tollowing very simple conditions. It the undertaking flourished -1! the public came forward, took shares, and the directors were ab e to "proceed to an allotment" of the same-the advertising agent was to receive, in consequence of the risk he had run, double the amount—cent, per cent,—of his bill, no matter how much the total might be. The risk he ran was, that the company, in promoter's slang "did not float," If this happened, all that the advertising agent was lost. Thus it WAS that those who brought out the company which we write found means to make golden hopes which their undertaking held out known to the public. Here, too, as in many hundreds of instances, it may be noted that the frauds upon the shareholders, commenced from the very first. For every pound that had been really expended in the expenses of advertising, the unfortunate shareholders had to pay forty shulings when they took possession of their property. In some few instances—but rarely—the directors had the courage to insishat the advertising expenses should be paid by the promoters out of the promotion money. This was, however, exceptional, and in most cases the double expense had to be borne by those who were not parties to the bargain, and were ignorant that the charge had ever been made or paid.

To follow out step by step the history of a joint stock company, through every stage, is not necessary for our purpose; so long as the rage for this kind of investment lasted, the history of these undertakings has been very much the same. During the company mania it was almost in

variably these investments of which the public understood least that were most sought after, namely, the shares of the finance companies; and this brings us back to our original question as to what the operations of a finance company really were, and how it was that during the palmy days they were able to announce such arge dividends.

Let us imagine 'The Universal Finance and Comprehen-ive Credit Company Limited," fairly launched. The promoters, or nurses, are dis-missed, after having pocked their cheques; and as amongst the directors there are four or five rentlemen-say one-third of their number-of fair standing, and against whose commercial character nothing is known, the undertaking may now look out for business. The capital of the company is one million, divided into 50,000 shares of £20 each. But when we come to read a little lower down in the prospectus, we find that only "one-half of these shares are to be is-sued for the present." Here, then, at one blow, is the real capital reduced from £1,000,000 to £500,000. A little further on and we find that it is only intended to call up, for the present" £5 per share, so that the actual bong fide paid-up capital of the company will not amount to more than £125,000, that is, 25,000 shares with £5 paid up-minus of course the balances due by those who cannot pay their calls, and of the directors' shares, upon which nothing whatever has been Still there is the nominal paid up capital of £5 per share, and on this we find-or we did find before the bubble burst—finance companies paying dividends of one, two, three, or four pounds per share, or at the rate of 20, 30, 40, or 50 per cent, per annum; nav, if we are not mis was an undertaking of taken, there that for one half year declared a dividend at the rate of 150 per cent, per annum. No wonder that for a time people went mad after this new method of acquiring riches at a blow. Buy shares, invest in one of the new fashioned undertakings, and for every five-pound note sown there was reaped at the half-yearly harvests a there was reaped at the had yearly harvests a like sum, or perhaps even more. But how?—
This was the question which every one asked. How came it that old flouri-hing joint-stock banks, with wary managers, could not make more than 8, 10, or 14 per cent., in the most favorable times, and that these new "finance" in the care first starting used to undertakings at the very first starting used to declare-yes, and to pay-dividends at double, treble, and even ten times those rates? Surely it were better for every one to sell or dispose of every share they had in the world in old affairs and invest their all in a better, because a quicker mode of making money.

Here let us digress for a moment in at two subjects for coneratulation that there are connected with the "finance" company mania. The one is, that the bubble has burst so com-

paintively early in its career. Had it been otherwise—had the general public got so accustomed to the name and system of the scheme as to invest more largely in their shares, the ruln brought about would have crushed forever hun-dreds or thousands of poor men, instead of only part ally injuring a few hundreds of compara-tively wealthy individuals. The faith in these new institutions has been very fervent, but has by no means been general. The belief in their stability has been contined mostly to city men, who ought to have known better, and has hardly been snared in at all by country gentlemen, or by that numerous body of the middle ive upon. Sensational leading articles to the contrary not withstanding, the immense majority of Englishmen are careful of their means, and no over credulous with respect to new undertak-ngs. Had the finance companies lasted onger it would have been far otherwise, and as many more would have invested their little all in these companies a year or two hence, so when the crash came the ruin would have been far more general than it is now.

The second reason for congratulation in our late monetary troubles, is that the working classes in England have entirely held aloof from my speculations in these undertakings. Neither individually nor collectively has there been any cying of shares amongst the artisans of Lon don, or any of our large towns, in investments which their own rough common sense told tuem held out promises far too bright to be real. Had the mania taken amongst them-had the work namen of England been induced by golden promuses to believe in the new gospel of immens profits upon outlays of small capital, who can tell what the results would have been when the bister fruit of failure had to be eaten? If the many thousand associations of "Odd Fellows," "Foresters," and "Friendly Societies," had invested their funds in these concerns, Mr. Tig 1 Pract would have needed no small amount of extra help to get through the additional work of his office. No; am dst the general feeling of regret for the misfortune of so many individuals who have been led into ouying at a high price shares which they can hardly get rid of now upon any terms, we have good reasons to be thankful that the workingclasses of this country were not tempted by large dividends to risk their money in such straw-built edifices.

But it is-or rather it was-on paper and not on straw that these finance palaces were founded, and by the same material they were built up. Once fairly started at work, it was the directors' business to find out how, where, and by what means the largest returns could be made and the following is but a specimen of the many ways by which they worked the oracle.

A railway contractor finds that he is in want of funds with which to conclude the contracts. On application to the company to which the intended like belongs, he meets with a frank avowal that, what between fair expenses, surveying fees, engineers' charges, and other outlays, their balance with their bankers is in a state of collapse. What is to be cone? To go on without money is impossible-to declare his inability to proceed is bankruptcy and ruin. In place of hard cash, will the directors give him a eertain amount in debentures or paid-up shares upon the future line? Of course they will, and are delighted to do so. In other words they virtually discount the future problematical profits of a line not yet made, or, at any rate, not finished. It is as if a young man newly appointed to a commission in the army should pay for his outfit by bills which would fall due when he shall become a captain in the service. But anything is better than to stop the works

of the railway. To place debentures bearing four, five, or even six per cent., and which are only payable after a term of years, with the general public, is an impossibility. What man outside of Bed am would dream of investing in such securities with Consols at eighty-eight and finance companies paying forty per cent. these securities serve the purpose of the con-tractor, who has undertaken far more more than his capital justified him in doing, and his em-ployers are equally pleased to pay him on these terms. But of what use are these debentures to a man whose chief outlay is the weekly wages ne has to pay? Navvies, even if they could be made to understand the nature of such securi-ties, could hardly be induced to take them in hen of their weekly wages. But the contractor has no intention of making any attempt to pain off the paper he holds upon the rough grants he employs. With, say, £50,000 of these debentures in his hand, he betakes himself to the "Universal Finance and Comprehensive Credit Company, Limited," and after one or two interviews with the general manager, his pecuniary arrangements are completed. By depositing these bedentures for £50,000 with the "Universal Finance," he obtains the acceptances of that company to sundry small bills drawn in sums of perhaps £500 each, and amounting to a total perhaps of £30,000, thus leaving a margin

on the security of £20,000. For these bills, which are drawn by himself and accepted by the "Universal Finance," he has to pay at the rate of from afteen to thirty per cent, by way of commission. If he is well to do in the world the company would make him pay the smaller, if needy, the latter sum. The bills are drawn at three months, and as the "Universal Finance and Comprehensive Credit Company, Limited" good credit in the city, what banker could refuse to discount them? Of course the paper is "good," quite good, and so the contractor gets it discounted at once, and placing the proceeds to the credit of his account with his own banker. obtains the creat of being a wealthy man. But three months is not a long time to wait, particularly when the end of that time is noted by the date upon stamped paper, as many of us know to our cost, or have known at some period or other. In three months' time "The Universal" will have to meet their bills, and with their small capital of but £5 paid upon each of the 25,000 shares that were issued, where is the money to come from, for our contractor is by no means the only party with whom "The Universal" does business of this kind? This small difficulty is, however, easy of solution. With a little more stamped paper, and a peu and ink, fresh bills are drawn out, discounted, and the old ones taken up. By the initiated this process is called renewing bills; and, according to the agreement of "The Universal" with the contractor, stitution is obliged to renew these little documents over a certain number of years. But what say the bankers to whom acceptances, bearing the same names, are offered again and again for discount? In the first place a judicious distribution of these documents is made-no monopoly of tayors being conferred upon any one

bank. If the first set of bills are discounted say by "The London Joint Stock Bank," the second, with which they are to be taken up, will be sent to "The London and Westminster," or to Paris, Bristol, Liverpoo!—anywhere. What would, what could, Messrs, Blount, or Mallett Freres, or Hottinquer, of the first of those towns, Mesers, Bailie & Co., or Stuckey & Co., of the second, or Barned & Co., or "The Consolidated Bank" at the third, know of the acceptances the contractor had previously discounted, and which he now wants to take up? The bills appear perfectly good; "The Universal" is believed to be good for almost any amount; and it is all in the way of business that a great railway contractor should have these bills to offer. Therefore the second set are discounted, the first set taken up, so long as the commercial barometer stands a "set fair," the process is easy and pleasant, in not promable, to the contractor; at any rate if him always in funds, which, with the 'go-ahead" class of business men, seems all that is required to insure prosperity in their under-takings. How the machinery would act if the same barometer marked "change," or what would be the results if it fell to "stormy," we shall see presently; but let us first take a glauce as to how the pargain we have detailed would work in the interests of that much-enduring body, the shareholders of "The Universal Fi-

Limited." Directors of public companies invariably and naturally place the best construction posupon their own acts. If the gentlemen who rule the affairs of "The Universal Finance" had laid before the shareholders an account of this transaction with the railway contractor, they would no doubt call attention to the great safety as well as the large profits of the bargain. On

and Comprehensive Credit Company,

deposit of £50,000 "securities"-they do not say schat securities, for that would be a betraval of confidence, and secrets like this are held invi-lable until the day for a general mass arrivesthey have advanced £30,000 in b fls, for which they have charred 10 per cent, per annual interest, and 20 per cen, commission. Thus with a margin of 40 per cent, in case of flucto tions in these "securities," they get 20 per cent for the use of their name, and not a shilling par out, the schole of the paid-up capital of the com-pany being still in the hands of their bankers. The last words we have put in italies, for they are, or used to be, very generally used by finance company directors, and were always sure to make an immense impressio upon the shareholders, particularly amongst them as were not business men. perhaps a hundred, thirty, or forty similar trans-actions in the course of the six months, what wonder if the half-yearly dividend of the com-pany was lorm use, if the shares rose in value, and if the outside world—including the great majority of the shareholders—felt convinced shat, here in the city of London, a new Eldo rado had been discovered, in which money could command thirty or lorgy per cent., and still be retained in the strong box of its owner. "How can we ever go wrong?" said a lady shareholder in one of the finance companies to the present writer, "when by our banker's own broke the whole of our capital is still in his hands, with the exception of a tew thousands. and yet we are getting interest at the rate of twenty-nve per cent, per annum for our mency?" It is greatly to be feared that our friend—like many others of the mnocent shareholding class-did not fully understand the meaning of the word "liabilities,"

And now let us glauce at the other side of the picture, with respect to this bargain with our railway contractor. It is true that the "Uni-versal Finance and Comprehensive Credit Company, Limited," bave upon securities of £50,000 value only advanced £30,000; but what is the real nature of such paper? of what use would it be if required to be convected into each in order to meet liabilities? Of none whatever, The debentures have our, five, or more years to run; the very line on which they are to form a mortgage is only partially constructed, and will not be at work for a long time. The con-tractor may fail—such an event is by no means uncommon amongst men of his class and calling - and where will be the money with which the "Universal" would have to meet its engagements? With perhaps a hundred or two such transactions of the kind on their books, of what use would be the £125,000 (25,000 shares, with £5 paid on each) of paid-up capital? It may be said that a call could be made, £15 per share being still payable on each share. But that is what all directors would avoid, and do avoid, until th very last moment-a call, no matter of how small an amount, being certain to send down the shares in the market, and put all the share holders in the very worst possible humor. There are no pleasant half-yearly meetings when a call has to be made, for the very reason that more than half the shareholders have not the means with which to pay the call, and are obliged to sell out at a loss.

Or, take for instance what we have witnessed in the City during the last few weeks. Money dear; rumors of companies 'shaky" are affoat: bankers look shy at pager which they formerly took freely; it is impossible to get any but the best bills "done" or almost any terms; to obtain money with which to keep up the renewing game is out of the question; contractors fail, and the value of debentures as securities is shown to be nu; the panic increases; one or two large houses "go, and, for a time, anything like business is at an end, and credit, even to good houses, is suspended. Then comes the fall of joint stock concerns; the ruin of shareholders; the angry meet ings; the threatening with Guildhall, and criminal indictments; and all the commercial panic and coutusion through which we have just

passed. But although we have taken an advance made to a railway contractor as an instance of the business done by finance companies, our readers must not think that all contractors are men of straw, or that the instance we have adduced is one by any means extraordinary. There are many of this class who can, and do pay their way with as much regularity as any men in the kingdom; and the difficulties with which a number of them have to contend, are, in most stances, brought about by the mismanagement of those who employ them. Various and wonderiul are the proposals for "business" which are out before a finance company and more extraordinary still are the engagements which some of these undertakings enter note. We cannot wonder at this, when we consider the numerous companies that exist, and the immense competition. Nor is this all. It is well known in the city that the business of "financing"-or of granting credits with paper for long periods, upon securities which will not be paid until some distant day-is one which is nominally so profitable that many establishments, constituted for perfectly different purposes, have taken to it, This increases the existing competition, and increases also the facilities which men of no means have of obtaining "accommodation" for their speculative schemes.

It will hardly be believed what extraordinary proposals are brought before finance companies with requests for assistance, and often upon security which a child would condemn as utterly worthless. But still more wonderful are some of the proposals which have been entertained, and are now, or were quite recently, working out their own destruction and the loss of the shareholders under the auspices of some of the finan-cial companies. To obtain advances, by bills of course—with which to build cities in South America—the security offered being mortgages on whole streets yet to be built, upon ground which is still a virgin forest—was once proposed to one of the finance companies in London, and at a board meeting, at which there were nine oirectors present, the scheme was only rejected by a majority of one. On another occasion, by the board of another company, a proposal to borrow-by acceptances as in the former case—one hundred thousand pounds, with which to cut down in the far north of Sweden vast quantities of timber and import the same to Liverpool (the security offered being a large forest, from which the wood was to be cut), was accepted, but the resolution was not confirmed at a subsequent meeting of the directors. The chief reason for the more prudent action being that no one could find the forest upon any known map of Europe; and even it found, the name was such as no one in the office could pronounce. A third proposition—the promoters of which very nearly obtained the acceptances they asked for—brought before a finance company, was to build warehouses at a certain seaport in the south of Europe. By mere accident the plans of the buildings, together with the site on which they were to stand, were shown to a gentleman unconnected with the company, but who happened to be well acquainted with the town which was to be thus highly favored. From what he said, an English architect was sent to visit the place, when it was found that excellent capacious warehouses had been erected about five years previously on this very spot, and that no one in the place ever dreamt of building others. And if it were allow able to give names of persons and places in a magazine article, how actonished would many worrby shareholders be at the extraordinary schemes which their money—or rather their credit—has helped to "finance" over difmoney-or rather ficulties. Mines, railways, codee and tea plantations, timber estates, fisheries, loans on unheard of lands to unheard-of people, the build-ing of detached and semi-detached villas in 'genteel" suburban districts by insolvent builders; the "bringing out"—which means acting as the "promoters"—of companies more visionary than the wildest dreams of bankrupt schemers could imagine-are but a tew of the uses to which the cred t of finance companies has been applied during |the last two years. Anything. everything, to make money—il possible by fair means—but in any case to make, or rather seem to make, large dividends to parade before the shareholders.

It any one thinks that we have at all exaggersa d the combined evils of Finance and Fraud, at him turn to the Times of Tuesday, the 15th of Jay, and in the parliamentary report of aus evening, read what Lord Redesdale acting the unscrupulous practices

by which railway schemes are worked up, and the way in which contractors and thance compasses involve the shareholders in enormous liabilities in return for "accommodation." Amongst others, his lordship instanced the Car-marthen and Cardigan Railway Company. The proposed capital of the concern was £300,000; and of this only £20,000 was ever subscribed. But to increase their junds the directors had raised £158,750 by preference shares, £60,355 by debentures, and £733,833 on Lloyd's bonds, making a total capital of £981,966 for the con-struction of a line of railway for which £300,000 only had been proposed in the bill and allowed by Parliament. The question will naturally arise, as to what became of the balance of the money raised, and secondly, how will the subscribers to the original £29,000 feel at being thus swamped by the increased capital? Were the e gentlemen consenting parties to the drowning of their own property, or had the directors the power to make ducks and drakes of their money? Another example as to how the property of shareholders was played with by directors, was on the same occasion brought forward by his ford ship. He stated that during the past year the ontractors for the city extension of the London, atham, and Dover Radway went to the Credit obliter Funance Company for a million sterling, which they obtained on the following terms:—
For every £21 advanced there was given £40 of fully paid-up stock, thus paying £19 for every £21. "It was in effect," said his lordship, "paying £522,200—sacrificing that amount at once and forever-in order to get £577,500," For the benefit of the uninitiated, it may perhaps be as well to explain that the "£40 fully paid up stock" being given for £21 advanced, was a transaction precisely similar to that one by which Captain Heavy would give Mr. Leverson his bill for £40 on condition of the latter advancing him #21 a piece of business which we believe the most footish dragoon or spendthrift guardsman that ever "got up behind" stamped paper would recuse to transact, although as trading on his own credit he would be perfectly justified in doing that which the directors of a joint stock company are by no means at liberty to do with the credit of others.

Is it, then, any wonder if, with the state of commercial morality of the present day, failures follow, as a matter of course, upon the "finance" and frauds which we have endeavored to depict? Go where you will, in business parts, or neet who you like of business men, it is and has been for the last three years—the same Dishonesty, unstory and the same lament. truth, and what may, in plain English, be termed mercantile swindling within the limits of the law, exist on all sides and on every quarter. There is everywhere such a keen contest for wealth, such a determination on the part of those who have no means to hold their own in trade with those who have capital, that ten thousand doors are open for every one who chooses to pass out of the old track which men used to term honesty. That there are honorable, honest men lett still amongst our merchants, is but an assertion which cannot be denied; but it quite as certain that these are outnumbered a hundred to one by mere adventurers, who, like the tinance companies which have helped so greatly to exalt this class with a £5 paid-up capital, do business, accept bills, and trade where and how they can for the r hundreds of thousands. The present writer could point out an instance—one amongst many-of a North-countryman who, eighteen months ago, came to London (just after having failed in Scotland) with barely money enough t pay for a third-class railway ticket, and who for many weeks after his arrival in this metropolis used to live by begging halt crowns from the few acquaintances he had in town. This man never had, and never will have, any capital whatever, save a large stock of impudence. But to-day he has an impudence. office in the city, two clerks at work under him, and passes many thousands of pounds' worth of bills into his bankers—and gets cash in re-turn—every week of his life. When such a state of things can exist, and when all men know, not only that it exists, but that it is the rule and not the exception, what wonder if, when the slightest panic arises in the money market, every one takes fright, and by the confusion which they cause increase a hundred-told the number of con-mercial disasters. This is a state of affairs which we shall see yet worse instead of better, until by the force of events there shall arise a whirlwind in the mercantale atmosphere which will so curify the air that it will be impossible for either companies or individuals to trade upon imaginary capital; and then borrowing upon bills, which are nothing more than so much "accommodation" paper, will become a moral impossibility. For some time past it has been only those who have no solid foundation for their business that really launch out. They "finance," and commit what are really frauds, as long as they can; and when those mines can no longer be worked, they fail. There is a strong feeling amought the tirms that have some thing to lose that things must be worse before they are better, and that we shall yet see a far universal ship wreck in the mercantile world than anything we have hitherto wit nessed. The present systematic overtrading, and the facilities by which the merestadventurer can obtain money or money's worth, it he likes to pay for it, can only have one result; and until that general overturning takes place, the commerce of the country, both export and import, as well as bank ng and monetary, must be a business of so much risk, that those only who have little or nothing to lose will engage in it to any extent. As the late panic took no one by sur prise, so now every one is looking forward to a coming day the final result of which will be to strip "duffer" firms and make believe companies of that pretense of capital which enables them to cause so much disaster and ruin to trade. With the collapse of the "finance" companies' system we shall hear less of frauds and failures; and although our com-merce may be more limited, it will be infinitely sounder than at present. Nor will any one who does not belong to the mercantile adventurer class looks back with regret to the days when these large "accommodation" shops were in the full swing of buen ess, and when, as at present every man who is able to buy bill-stamps can write himself down a merchant. - Temple Bar for June.

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