

# AGRICULTURE, COMMERCE, BUSINESS

## COMMERCIAL REVIEW

### Business and Finance

#### THE HONOLULU WILDCATTER.

For a city which boasts of such financial perspicuity as does this one, and for one which has continually invaded foreign financial fields, Honolulu has proven itself as easy a mark for sure thing stock sellers and rank wildcatters as could be desired.

It is estimated that almost a million dollars of good coin of the realm, which has been honestly come by in these Hawaiian Islands, has gone to the coffers of the unscrupulous promoter who belongs to a class peculiarly and viciously American. This has had such an effect on the local investment and money markets that our own hard-headed business men who have developed or searched out bona-fide industries or developments on the mainland, where Hawaii's surplus cash could safely be placed, find purse strings closed to them. This has happened so frequently of late that it is time the business community put a stop to it.

Oil has been the bane of Honolulu for almost a year. There are almost a dozen companies developing oil in California, the supporters of which are legal people who do not know a rig from a sole in the ground, both very essential things to oil developing, but both entirely useless without oil. Too many people have considered them the only things that are needed, and a picture of a derrick, with the assurance that the company is "drilling," is considered sufficient inducement to invest any amount.

There are some simple business rules that ought to be considered in investing money in undeveloped companies which even the business man nowadays overlooks in his haste to get rich quick. The first of these, of course, is the position of the oil field where the company is going to drill; the formation of the ground; the nearness of other productive wells; the trend of the oil strata, and a dozen other things strictly technical. The average person is absolutely unfamiliar with these things, and, in fact, only engineers who have made a study of it know much. The best thing to do is to pay a visit to the oil field itself, by which one can obtain a general useful knowledge of what must be done and how it should be done. If he visit can't be made, a reputable engineer should be employed by the respective purchasing him to report on the ground. That costs money, but it often saves money.

The second thing to look out for is the transportation question. Warnings in this direction have constantly been given in these columns and are reiterated. One company which was floated here and which contemplates drilling as pronounced last week to be fifty miles from transportation facilities, that means that it will be five years before the company can dispose of its oil profitably after it gets it. When an announcement was made, dozens of people who had invested heavily began to dig for information, stating that they had expected dividends at the end of the year. They had a vague idea that the oil field was in the United States, and that phenomenal well in a hundred miles from that company's ground, and is as useful as a criterion as an extinct volcano on the moon. The company's land may be, and probably is, full of oil.

The third thing to look out for, and very man can do it for himself, is to see up the promoters and manners of promotion. In this town thousands of dollars have been placed at the solicitation of men with police records, to whom suspicion might naturally attach, even if none could be fastened on the lack they offered. The advertiser was called a knacker because it issued warrants against purchases of United Wire stock. A month later the whole scheme was exposed as a gigantic fraud. But the promoter is best judged by his methods. In support of the arguments of one who has been operating extensively throughout the Islands, a paper has been forwarded to the prospective subscribers. This paper was devoted to oil news, where descriptions of the Lakeview gusher and glowing accounts of the operations of the company in which stock was being offered were spread all over the page. On the strength of all this, hundreds were induced in absolute disregard to the fact that the paper was printed by the company disposing of the stock for the particular purpose of boosting it. Such policy is deserving of any misfortune that might follow. This is not a knock on the companies which are exploited—it is some of them are known to have reducing wells and the prospects of hers are not so rosy—but it is a condemnation of the procedure of investment. For all the guarantee the investor had, the stock might be worthless paper, and the company might actually own a land whatever or stand any chance of getting any. There was a company

floated in Los Angeles a year ago to sell lots in "North Goldfield," a "prosperous mining region." The land was in the middle of the Mojave Desert, fifty miles from water, and belonged to the government. But the promoters made ten thousand dollars in ten weeks before they were exposed by the newspapers.

Another thing—selling stock is supposed to be a means by which a company raises sufficient money to develop an industry. It is working on a basis—and the prospectus even says so—that if it sells a certain amount of stock, the money thus raised will develop that industry. Let us see—the company puts the stock into the hands of a broker or selling company. This broker or selling company gets a commission, and nearly always employs agents who get salaries and more commission. This comes out of the stock sales. They spend hundreds of dollars in newspaper and prospectus advertising. This comes out of the stock sales. The promoters are meanwhile drawing fat salaries for their "work." This and a dozen other things comes out of the stock sales. In other words it comes out of the lambs of stock subscribers.

This must not be misunderstood. Investment for development has been the making of America and is advocated here—not knocked. A certain amount of advertising is absolutely necessary but five-plate polychromes are not. Commissions are allowable but the subscribers should ascertain what commissions are being paid. For their private information it might be said that fake schemes pay twenty per cent. on stock sales when it is selling at ten cents a share. This is outrageous. The promoter is entitled to no salary until the company is operating and he is earning it.

Now the fourth and last thing to be looked out for. The capital of a company is set at a figure which is calculated to be sufficient to develop the company's holdings and leave a little in the treasury. Nineteen stocks out of twenty which are sold at ten cents a share are fakes. For instance, a company needs fifty thousand dollars to develop. They would have to sell five hundred thousand shares at ten cents to raise it and another hundred thousand to pay promotion expenses, even if they were honest and didn't draw salaries. At the end of two years they have ten thousand dollars to spend in dividends out of which they take half for "future development." The dividends would be less than a cent a share.

The trouble is with America that it wants to get rich too quick. This lengthy exploitation of facts which are already known is only set out because people occasionally forget them and Honolulu seems to have lost all acquaintance with them. The advertiser advocates the investment of Hawaii's surplus cash in foreign channels if necessary. It won't exactly help to Americanize the Islands quicker, but there is no reason why it won't return money on the investment. The "knacker" is not done in a destructive spirit. On the other hand it is made as a basis for a constructive suggestion, the earnest consideration of which this paper strongly advocates.

IT IS: That Honolulu emulate the example of all other cities where money is forthcoming for investment purposes; to wit: have one of its commercial or mercantile bodies (preferably the merchants' association), appoint a committee to pass on all investment proposition that are about to be offered to the public. This committee could consider all the inducements which are to be advertised and judge them from a business man's standpoint. It is to the benefit of every business man to protect those of his community who are not business people and who support the stock selling scheme.

This committee could rate the chances in favor of or against the proposed company, impartially. It would certainly be hard on a great many companies but it would save money, homes and happiness for a great many people. People are more important than companies. No promoter of a company who had a bona fide proposition which he had faith in would refuse to submit it to such a committee. Every American investor is willing to play against a certain element of chance or he wouldn't be an American. As long as the chances are reasonable there is no reason why they shouldn't be taken.

However—talk killed the cat.

#### HAWAIIAN RICE.

Hawaiian rice has been unable to compete in the mainland market with Japan rice or with the American-grown variety. This fact has been brought sady home by present quotations on the staple.

The market for Hawaiian rice is practically dead and the island growers

and millers are feeling it heavily. The island rice is now quoted on the market at 3.25, the figure at which it stuck after a steady decline. Japan rice, after extra transportation and duty has been paid, sells at 1.50 or over, and is killing all competition as far as the island staple is concerned.

While the rice here is grown from Japanese seed, climatic and soil conditions play against it and the grain can not be compared with that grown in Japan. Rice experiments in Texas and Louisiana have proven successful, and Japanese seed planted in those districts shows up fine, meeting the Japan product easily.

To make matters still worse for island rice planters, experiments carried on in northern California, and particularly Butte county, have come to a head and have resulted so favorably that a much larger acreage is being devoted to it this year.

#### FINANCIAL REVIEW.

The heavy trading noted on yesterday's stock exchange saved the financial week from going into history as being almost dead. A general depression which had not cleared on the closing bidding, furnishes what feature the market possesses, a depression that is just saved from being general by the optimistic trend of probably three or four stocks.

Hawaiian Commercial proved the heaviest seller of the week, sales aggregating almost \$30,000 being made. This is close to a third of the total transfers. Several sales in high priced Pioneer brought that stock into second place. Both stocks ended the week materially lower than the opening bidding. Hawaiian Commercial sold yesterday at 40 flat after being quoted on the opening market at seven-eighths. Pioneer fell five points and is now quoted at 230.

There seems to be a general tendency of big purchasers to take up public utility stocks and a steady trading during the past month in street railway, railroad, and power stocks tends to verify the supposition. Few sales were noted in these during the week but allowing the one holiday on which there was no trading, the sales average up with those of previous weeks.

Smaller stocks fared better than those of higher prices. The week resulted in another eighth being added to the quotation on Olan in which large blocks changed hands on several occasions. Oahu Sugar, in which bidding opened at 32 flat, sold yesterday at 32.375, being strong at the figure.

The total sales for the week amounted to \$93,514,125, a fairly good showing considering the uncertain market and the one day less of trading. By days the sales were as follows:

- Tuesday, \$10,267.75.
  - Wednesday, \$31,723.75.
  - Thursday, \$13,078.125.
  - Friday, \$11,255.
  - Saturday, \$27,189.50.
- The sales by stocks were:
- Hawaiian Commercial and Sugar Company, 715 shares at \$28,706.50.
  - Pioneer Mill Company, 60 shares at \$13,812.50.
  - Waialua Agricultural Company, 65 shares at \$8311.25.
  - Oahu Sugar Company, 155 shares at \$5014.375.
  - Honolulu Sugar Company, 50 shares at \$9250.
  - Honokaa Sugar Company, 235 shares at \$4395.625.
  - Hawaiian Electric Company, 23 shares at \$3910.
  - Oahu Railway and Land Company, 25 shares at \$2530.
  - Olan Sugar Company, 450 shares at \$2011.25.
  - Onomea Sugar Company, 50 shares at \$2450.
  - Hawaiian Agricultural Company, 10 shares at \$2300.
  - Ewa Sugar Company, 55 shares at \$1825.625.
  - McBryde Sugar Company, 200 shares at \$1175.
  - Hawaiian Pineapple, 15 shares at \$165.75.
  - Kahuku Plantation Company, 20 shares at \$370.
  - Tanjong Olak Rubber Company, 5 shares at \$205.
- Sales yesterday were:
- Hawaiian C. & S. Co.—25 @ 40; 15 @ 40; 10 @ 40; 5 @ 40; 15 @ 40; 100 @ 40.
  - Waialua—5 @ 129.25.
  - Ewa—30 @ 33.375; 15 @ 33.375; 10 @ 33.375.
  - Pioneer—25 @ 230; 20 @ 230; 10 @ 230.
  - Hawaiian Agricultural—10 @ 230.
  - O. R. & L.—10 @ 140.75.
  - Olan—100 @ 6.25; 50 @ 6.25; 20 @ 56.25.
  - Oahu Sugar—10 @ 33.375; 5 @ 33.375.

#### Bonds.

- Hilo Ex. 6s—\$1000 @ 97.
- Kauni Railway, 6s—\$7000 @ 100.
- Hilo Ex. 1901—\$1000 @ 100.

#### THE ALGAROBA BEAN.

Hawaii's latest industry bids fair to be a success according to the work done the last two weeks by the Renear Company which holds the patents on the kiava bean grinding machine.

The experimental stage has been passed long ago, work on a commercial basis having been commenced at the time stated and to date about 40 tons of beans have been ground and delivered to the dairies.

Prospect for work in the future are such that it may necessitate night shift at the company's plant on Queen street, seven men being now employed in feeding the machine.

Renear's rollers for grinding the bean, which he invented, have proved capable of doing the work expected of them, although skepticism was at first rife. After ten days' grinding they are another than when they started. Scientists who have experimented with the bean stated that no roller could be made which would not get clogged up with the glue at once.

The algaroba bean crop this year is remarkably free from the worms and beetles which infested it last year. Doctor Wilson has imported a parasite for this beetle, a minute insect which can be seen going round and stinging the worm to death before it can develop into the more impregnable beetle.

As a result not one worm is found this year where a hundred were last year. This has given rise to a peculiar state of affairs which unhappily existed last year. At that time anyone entering the room where the beans were stored in quantity or were being ground was seized with a "fierce" itch, which continued for several days. This year it is entirely missing, and partially ascribed to the elimination of the beetle.

Doctor Whitney, before the Social Science Club, made the statement that kiava groves eventually would yield a return of \$400 a year per acre.

Renear is grinding for the dairies only, and is not turning out the product for himself. The success of the crushed bean as a dairy provender is best testified to by the string of wagons which pass in and out of the factory daily.

#### "PINECTAR."

The following statement, which is fully verified, is taken from the prospectus of the proposed Pinectar Sales Company, Ltd., for the benefit of would-be subscribers:

"On the basis of the contract which will be entered into by the two corporations, the Clark Farm Company, Ltd., as producer, and the Pinectar Sales Company, Ltd., as the marketing agency, the responsibility and risk of the latter is very limited indeed, as all of the loss incident to growing and manufacturing is eliminated. The Pinectar Sales Company buys a product for which it holds the exclusive monopoly, guaranteed by the U. S. trademark 'Pinectar,' for the United States. The Sales Company, for and in consideration of \$500 per year for ten years, paid in full by issuing 250 shares of pinectar stock, obtains all the accrued benefits of ten years of experimental work done by Byron O. Clark."

The success of the venture seems to depend on the merits of "Pinectar," which has found a favorable local market where it competes with the fresh fruit.

#### STREET RAILWAY IMPROVEMENTS.

The Honolulu Rapid Transit company is not at all dismayed by the would-be bomb-shell that was exploded (?) by C. W. Ashford during the week before the board of supervisors in which he doubted the right of the company to haul freight over its lines.

As most of the freight which is being transported is for improvements on the system, the public gets the benefit of it in the end if it does have to stand an extra dust cloud occasionally which Johnny Wilson could prevent if he had watering carts enough, or more men or whatever it was wanted.

Among the more important improvement now under way is the remodeling of the engine and boilerhouse and the addition to its equipment.

Two 450 horsepower boilers which have already arrived are being installed and arrangements are being made to install engines raising the capacity from 1000 horsepower to 1500 horsepower. This doubles the company's capacity and prepares it to support the extensive additions to the system which are being made. It also anticipates the 100,000 Honolulu.

### WHAT'S HAPPENING ON VALLEY ISLAND

#### Pertinent and Impertinent Items About People and Things.

The versatile Thomas Skinner of Kahului promises to give Hawaii its first aeroplane. For some time past Mr. Skinner has been experimenting with the model of a flying machine and is said to have made a short but successful flight. It is understood that Mr. Skinner's main object in constructing a sky flyer is to enable him to beat automobile time to Lahaina, where he has considerable business. He says that it's all right returning to Kahului in an auto but that a bubble car takes altogether too long to make the trip to the ancient capital.

Several parties have of late attempted to find the old trail which leads from Iao Valley and over the ridge to Olowalu, a trail which was much traversed by natives fifty years ago but which has since been overgrown with brush to such an extent that it has become lost. Last week, C. E. Meyers, one of the most ardent of the local mountaineers, succeeded in clearing the trail up to an old cave, half-way up to the ridge, and will attempt to clear the trail the rest of the way up in the near future. It is understood that, should the trail to Olowalu be found, Mr. H. P. Baldwin will have it kept in shape for tourists at his own expense.

Host Billy Field of the Maui Hotel has a standing offer of a case of Tansan for the guest who first succeeds in unraveling the mystery of the timetable of the Kahului Railroad Company. The contest started a little over two years ago and the prize has yet to be won. According to the information folder in question, the afternoon train which leaves Waialua for Pala at 11 a. m. arrives at Punene at 10:03 o'clock on the morning of the same day, and at Kahului at 9:13 a. m. (no trains on Sunday).

Thomas Skinner has discovered that an excellent vinegar may be obtained from Kapaehaia wine at very short notice. Doctor Fitzgerald and C. C. Clark of the Maui News are contemplating turning the discovery to commercial account.

Editor Clark of the Maui News has improved his game of English billiards remarkably since coming to Maui. He only lost the cloth twice last week.

John McPherson has purchased an own

### The Sugar Market

#### IMMIGRATION.

Dr. Victor Clark, of the territorial immigration board, is hard at work in his new office, acustoming himself to the requirements of the position and past work, and designing plans for future work.

He has not yet commenced to prepare the statistical files which are planned but is devising a system on which to work. The board, he says, has kept statistics of a certain nature and the object now is to get closer in touch with the immigrant after he lands in Hawaii and the board is no longer responsible for him.

It is possible that the board will vacate its present office in the Stangenwald building and take up quarters on the street if a desirable location can be found, so that it will be easy of access to the immigrant. The latter may then use the board as an information bureau and may to a certain extent be provided for and looked after by the board's agents even after he has passed from its care.

Doctor Clark believes firmly in the success of immigration in the past. He states that the census figures when received will show that the Portuguese, the Porto Ricans and the Spanish elements have increased and not decreased. This is contrary to current belief except in the first instance, but as Doctor Clark himself took the census of Hawaii, he is in a position to state with authority, the natural increase through births and voluntary immigration have far exceeded the decrease caused by those who return to their native country.

No word has been received yet from Campbell and Silva who are seeking Portuguese laborers at Demerara and elsewhere. When last heard from they were leaving New Orleans.

#### HONGKONG REFINING.

The importance of Hongkong as a

#### MAHUKA SITE.

No word has been received by the owners and lessees of the property desired by the government for the Mahuka site extension as to the government's plans. The Austin estate on which the E. O. Hall building stands will delay matters considerably as it has no authorized representative in Hawaii.

S. M. Damon acts as the Austin estate agent but is not authorized to close such a deal as that desired by the government. The nearest representative with powers to do so is in Boston and the papers and blue prints have been forwarded there.

#### THE CHINESE BOYCOTT.

A Mukden telegram says that the appeal to boycott American goods by the Canton Self-Governing Society has reached the Mukden Chamber of Com-

merce. The authorities concerned, who wish to keep on good terms with America, in consequence of the new Russo-Japanese agreement, are inclined to suppress the movement. Local newspapers refrain from commenting on the subject. Some merchants are, however, watching the development and refrain from making new purchases. Thus the price of cotton yarn, clothes and other American goods has gone down.

brother to Major Collier, the crack Hawaiian-bred racer and expects to win a purse or two with him at the next July meeting. His friends hope that he hasn't another Lady Jane on his hands. Should McPherson's colors be borne to the front, the victory would be as popular as could be.

"Splinters" Fitzgerald is taking a correspondence school course in the gentle art of letter writing and is said to have recently evolved some masterly compositions.

The Maui county board of supervisors met last Wednesday and transacted a great deal of routine business. The only jarring note of the whole meeting was when Supervisor Meyer, who was taking a well-earned nap, tilted back his chair to such an angle that it collapsed and the statesman from Molokai came to the floor with a dull thud which woke up the remaining members of the board.

Warren H. Colson of Boston was a guest of the Maui Hotel during the week. He is collecting data on the early postal issues of Hawaii. He made the trip to the crater before leaving.

The British ship W. H. Lewis which arrived from Cardiff recently, with 3000 tons of coal, was the first sailing vessel to tie up at the new wharf at Kahului. The first question asked by those on board on their arrival was "Who won the fight?" The Britishers were four months at sea and did not hear of the death of King Edward VII. until their arrival here.

John Fuller, representing the Honolulu Iron Works, was here during the week. He corralled a couple of county contracts.

A guest of the Maui Hotel introduced a distinct novelty the other day. Failing to summon the diningroom waiter by means of the bell, he went outside and detaching his auto horn, took it into the diningroom and gave two or three lusty toots. He got his "small black" in record time. Host Field, it is understood, frowns on the innovation.

Charlie Lake is being groomed for supervisor for Maui county. It looks as if the Republican county ticket, with perhaps one exception, will be elected.

Coelho seems to have got lost in the same shuffle which so thoroughly engulfed Vice-President Fairbanks, Ted Shown and Anderson Grace.

It's been hot here and much hotter at Lahaina during the past few days.

Joe Meinocke, late of Kohala, has recently taken charge as chief engineer at Pala mill.

The house at Wailea where the father of Charles Warren Studard once lived, is shortly to be used as a saloon. H. B. Studard, the individual in question,

sugar refining point for supplying Far Eastern markets is exemplified in the following abstract from the annual report of Vice Consul General Stuart J. Fuller:

The sugar merchants of Hongkong have every reason to congratulate themselves upon the operation of the sugar market during 1909. The market remained firm throughout the year, and a rich harvest of profit was reaped by most of the operators. From all sources the amount of raw sugar imported is calculated, in round figures, at well over 2,500,000 piculs (picul equals 133 1/3 pounds), valued roughly at \$25,000,000. Of the two great sugar refineries in Hongkong, Butterfield & Swire's establishment (Taikoo refiners), at Quarry Bay, has been in full swing with daily mills averaging 300 long tons, while Jardine, Matheson & Co.'s China sugar refinery has been taxed to its utmost output of about 250 tons, and it is expected that their superannuated sugar house at Bowrington, which has been closed down for some three years, will soon be in working order again, bringing the output of refined sugar by this company up to a possible 300 long tons.

The most important feature in the sugar trade of 1909 has been the passing of the Payne tariff bill in the United States. This led to the stopping of the supply of sugar from the Philippines, for when the new law came into force, American speculators bought up all the available stocks in the islands at high prices, and so far as future crops are concerned, they will likely find a similar destination, so that China must rely upon Java more than ever for her raw sugar supply. It is worthy of note that before the passage of the Payne bill Hongkong imported about 500,000 piculs of raw sugar annually from the Philippine Islands, but no anxiety is felt in business circles about the ability of the Dutch possessions to supply the deficiency.

The importance of Hongkong as a sugar refining point for supplying Far Eastern markets is exemplified in the following abstract from the annual report of Vice Consul General Stuart J. Fuller:

The Louisiana Planter, August 20th, says: Our reports from the sugar district this week indicate quite an optimistic feeling among the sugar planters, the hot sunshine and rainfall having brought about a very rapid development of the cane, and it seems to be the general opinion that wherever a good stand was obtained the tonnage will this year be excellent.

#### LOUISIANA CROP.

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All screens, chairs and tables have been removed from Maui saloons and in places where drinks are served over the bar. Also a clear view may be obtained of the interior of the saloons through the windows.

A Coast firm recently shipped a Maui wholesale liquor dealer a barrel of near gin. The recipient promptly returned it to the sender. The prohibition campaign seems to have been responsible for several needed reforms among the saloons on this island.

License Inspector Fennell has had a strenuous week in these parts. He has been keeping a particularly sharp lookout for imitation booze and other infractions of the liquor law.

The pacing chestnut gelding Maui, five years, by Monterey 2:09 1/4 out of Theresa 2:14, is advertised for sale by A. Gross of Wailea.

Sam Weller has recently installed a silver grill at the famous Breakers over which he himself presides. Sam does the planning of the epicurean menus which grace the Breakers' festive board and Doctor "Spavin" Fitzgerald is decidedly comme il faut when it comes to potato peeling, Rah, for the Curragh.

#### ARMED OFFICERS PROTECTING SHIP

(Continued From Page One.)

the runaway crew aboard and to arrest all who were on the wharf in the event of their attempting to get aboard. At midnight there were five officers on the railroa wharf, while about a dozen of the deserters were trying to make up their minds to fight for admission to their ship. Mounted patrolmen visited the wharf at intervals to be ready to assist the officers guarding the Wilhelmina in the event of an attack on the police. The entire police force on duty was alert all last night.

Several of the quarantine breakers were too drunk to create disturbance and fell asleep on the wharf approach. They will be arrested on awakening.

This morning it is expected that all the runaways will be placed in custody by the federal authorities and sent to Quarantine Island. An investigation will probably be held by the quarantine officials, who allowed the vessel to lie alongside the wharf under shore-leave restrictions, as to why the twenty-eight of the crew, first supposed to be twenty, were allowed ashore, though what was to prevent their leaving the ship, unless armed officers prevented them, is a puzzle such as occasionally arises in quarantine, strict or otherwise.

There's a pretty mess to clean up, and the health authorities, the steamship people and the runaways themselves will probably throw light on the problem today.

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