

STOCKS---MINES---BY TOD GOODWIN

A SPRING HOUSE CLEANING IN PALOMA

SOME very quick work was performed in the cleaning of the Paloma kitchen.

On February 9th Mr. Braffet, who had before that time been a heavy purchaser of the stock, insisted upon the stock being listed upon the Salt Lake Stock & Mining Exchange. Lorin Hall, the then secretary of the company, delayed, so Mr. Braffet went to the president of the company, Hon. Thomas Marioneaux, with a specific written statement of his suspicions that something was being secreted which the stockholders were entitled to know, and insisted upon the immediate appointment of an auditor to check the company's affairs. The president and directors readily assented, with the result that certified public accountant, C. J. Wait, was employed to audit the company's books, and proceeded to the task on the following morning. The secretary promptly resigned, and R. D. Pomeroy was appointed in his stead. After two long days of searching the stock account was balanced, with the result that an issue of nearly the entire capitalization was found. The auditor found but 4,000 shares net to be possessed by the company in the shape of treasury stock.

Mr. Braffet and his associates for several weeks prior to this time had been heavy purchasers of the stock, their purchases having been largely induced by representations that the treasury contained 270,000 unissued shares.

The condition of the mine was also ascertained by the same interests, through the medium of experts sent to the property at their expense, with the result that the stock became very active, and through the prestige of new purchasing interests gradually arose from around three cents per share to fourteen cents per share, and for several days Paloma showed the greatest activity of any stock dealt in on the local exchange.

As the audit proceeded it was discovered that large blocks of treasury stock had been issued to the secretary and treasurer of the corporation, one block of 100,000 shares having been issued on December 2nd, 1914 to the then treasurer, Mr. S. H. Taylor, for a consideration of \$200.00. The treasurer entered the \$200.00 on his cash book to the credit of the company, and three days later checked it out to the then secretary, Lorin Hall, who had issued the stock to Mr. Taylor, the \$200.00 so expended being for alleged services rendered by Mr. Hall, during the year 1913. It was found that the payment of the \$200.00 to Lorin Hall was not authorized by any action of the board of directors, and it was likewise found that the sale of the stock to S. H. Taylor at one-fifth of one cent per share was without any apparent authorization of the board of directors.

It, however, appeared that on November 1st, 1914 a resolution was passed which authorized the sale of treasury stock by the secretary at one cent per share, and contemporaneously with the issue of the 100,000 shares to Mr. Taylor at one-fifth cent per share—in fact on the identical date, several blocks of stock were sold to different persons in pursuance of the resolution at the rate of 1 cent per share, all of these transactions being entered in the cash book, of which Mr. Taylor was the custodian, he be-

ing the treasurer of the company. With these facts revealed by the audit, the secretary was called into consultation late Saturday night (February 12th) and gladly responded to a suggested disgorgement of 58,000 shares of the treasury stock, which the records showed himself and immediate relatives to have absorbed without apparent authorization.

With the return of this stock to the treasury Mr. Taylor was called out of bed, and the suggestion was made to him that 70,000 shares of the stock issued to him on December 2nd without legal authorization be likewise returned to the corporate treasury. After some discussion Mr. Taylor coincided with the views of the new management, and signed an agreement admitting the stock to have been unauthorizedly issued to him, and agreeing to return it to the company's treasury as soon as he could get access to his vault on Monday morning. In the meantime the necessary transfers were made in the company's books, and the stock credited to the treasury and cancelled of record. It is stated that Mr. Taylor has since concluded to repudiate his written agreement, and at last accounts still held the stock certificates, while the treasury claims the stock by virtue of the compromise effected with him. The corporate officers are not particularly concerned about the stock certificates in view of the agreement.

Several small stock issues were also found to have been made without consideration to the company, the ostensible consideration being "advertising." In view of the fact that the Paloma has nothing to sell but ore, which is readily marketable without advertising, these transactions were also regarded with suspicion, but no action is likely to be taken in view of the fact that but small amounts are involved. The action of the secretary in issuing such stock has some foundation in precedent, as in the case of many of the mining companies "publicity" being difficult to obtain without a surrender of some corporate assets.

With the completion of the audit, on Thursday the 17th, the Paloma was regularly listed on the Salt Lake Stock and Mining Exchange, and a complete statement furnished the public as to all of its assets and liabilities, as well as the physical condition of the property. As a result of the shock incident to its house cleaning the stock experienced a substantial break, but rapidly recovered when publicity was given to its affairs, with the incidental assurance of proper protection being given to the rights of stockholders in the future.

Nothing could be more helpful to the stock trading business in Salt Lake City than the taking of such action in the affairs of many other corporations which have given conflicting reports as to the status of their assets and liabilities, with the result that investors have been lured into investment to later discover that the grossest misrepresentations have been made.

The Paloma has been sampled several times during the past few weeks by reputable mining engineers, and all reports have been good.

Mr. Braffet is to be commended for his prompt and courageous action, and particularly for giving full publicity to his findings. The general public appreciation of the expose is manifest in the fact that the stock has taken on new strength since the facts were made public.

EPITAPHS

Here rests the bones of Silas Hay,
The drun fool got too smart;
He looked into a gun one day
To cross a jitney street.
Cincinnati Enquirer.

Here rests the bones of Ezra Tank,
His folly none could throttle;
He got up in the dark and drank
Out of the acid bottle.
Detroit Free Press.

Here lie the bones of Hiram Blaine,
Who trusted to his feet,
And wouldn't take an aeroplane
To cross a jitney street.
San Francisco Chronicle.

Here float the bones of Thomas Groat,
Who on a foolish lark,
Though warned by all, did rock the
boat,
Which pitched him to the shark.
Washington Post.

Here hang the bones of Johnny Bower,
Who autoed on a spree;
He hit the road at ninety an hour,
And then he hit a tree.
American Motorist.

Here lies what's left of Hank Dis-
patch,
Who filled his gasoline tank;
By looking in it with a match—

Zzzz—bank—boom, so long Hank,
Southern Automobile & Garage.
Here mould the bones of tight-wad
Hayes

Who wouldn't spend a dollar,
For motor clubs or good highways,
He died in Lonesome Holler.
Hoosier Motorist.

Here underneath this vernal sod
Is all that's left of Pete McKay,
He swore he'd cross the street, by
God!

A jitney looked the other way.
San Francisco News-Letter.

In a rural court the old squire had made a ruling so unfair that three young lawyers at once protested against such a miscarriage of justice. The squire immediately fined each of the lawyers for contempt of court. There was silence, and then an old lawyer walked slowly to the front of the room and deposited a \$10 bill with the clerk. He then addressed the judge as follows: "Your Honor, I wish to state that I have twice as much contempt for this court as any man in the room."—Youth's Companion.

PROBATE AND GUARDIANSHIP NOTICES.

Consult county clerk or the respective signers for further information.

NOTICE TO CREDITORS.

Estate of Jacob Burgon, deceased. Creditors will present claims with vouchers to the undersigned at Houston Real Estate Co. office, Salt Lake City, Utah, on or before the 24th day of June, A. D. 1916.

CHARLES W. JOHNSON,
Administrator with the will annexed of the estate of
JACOB BURGON,
Deceased.

STORY & STEIGMEYER,
Attorney for Administrator.
Date of first publication, February 19, A. D. 1916. 2-19-3-18

NOTICE TO CREDITORS.

Estate of Dan K. Keohane, deceased. Creditors will present claims with vouchers to the undersigned at the law office of S. P. Armstrong, 620 Continental Nat'l Bank Bldg., in Salt Lake City, Utah, on or before the 24th day of June, A. D. 1916.

JAMES L. KARR,
Administrator of the estate of
DAN K. KEOHANE,
Deceased.

S. P. ARMSTRONG,
Attorney for Administrator.
Date of first publication, February 19, A. D. 1916. 2-19-3-18

NOTICE OF SALE OF MORTGAGED PERSONAL PROPERTY.

To Whom It May Concern:
Notice is hereby given that the undersigned Merchants Bank of Salt Lake City, Utah, at No. 764 Snow avenue, Salt Lake City, Salt Lake county, Utah, will at 2 o'clock p. m. on
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