

Little Editorials on Mine Promotion

by

Lloyd Kenyon Jones.



LLOYD KENYON JONES



BY WAY OF INTRODUCTION.

Every man is wont to be honest or great—in his own conceit.

Experience tells each of us how we compare with all others of the race, and rather than sharpening our own egotism, it outlines for us that operative human quality we call duty. The honest man is the one who can best understand what he owes to society—that same human organization that protects his life and his property, and gives meat and substance to that too trite proclamation of being born free and equal.

I wish to introduce myself—not as a Daniel called to judgment, nor as one who is either capable of or who wishes to pass judgment on his fellows. For about one decade I have been in intimate touch with promotion and promoters. Had I not thought the business capable of possibilities, I should not have engaged in it on my own account. I have written advertising matter for over one thousand promoters. I have been through boom after boom. What I have learned and what I have achieved would be as naught if it still slumbered in me as an unused theory.

As editorial writer I am perhaps as well known as any. That is, understand, in mining lines. My editorials in *The Daily Mining Record* have created generally favorable comment. They have been copied freely in the New York financial press. They have opened the vistas of specialized thought to thousands of investors.

As to my antecedents, I was born and "raised" in Wisconsin. Marshfield was my home more than any other town. It was there I broke into the newspaper game. As country correspondent for such papers as the

Herald, the Tribune, the Record and the Inter-Ocean of Chicago; the Evening Wisconsin and the Sentinel of Milwaukee; the Journal, the Times and the Tribune of Minneapolis, and class papers having to do with the lumber trade, I got into touch with newspaper requirements. As originator and first editor of "New Thought" of Chicago I made "class" in psychological publications—some fact and some "dope." This experience is not one whit different from that of any other person who has been trained in the smell of printers' ink. But I lay claim to being a common person, who has studied high ideas from the viewpoint of the ordinary man. I believe that the ordinary man should have few apologies and no boasts. My work in promotion, therefore, was to detect the common sense principles. I interviewed hundreds of careful business men—bankers, manufacturers, merchants, professional men, et al. I learned that there are certain business methods permeating all enterprises, or, at least, should be. Why should mining differ?

Mining does differ in only one respect. It presents a certain gamble—a romance, if your mind so inclines. It has possibilities that, at the outset, and all the while, defy definite mensuration. If it be an "honest chance," it is well and good. But honesty is a very indefinite thing. Honesty without ability is like fruitful soil without seed. Except, I may add, nature is prodigal to fruitful ground and will supply the seed—only, that seed may grow the rankest, most noxious weeds.

I am a promoter, and still a writer. My writing is not classic. Men and women who have to meet the daily grind, who have to look after the little things of life, have only a hazy regard for the classics. They want the practical, because they have to live practical lives.

You have perhaps read "how to investigate."

Now, much of this is veritable rot. As the Hebrew wisely says, "Business is business." Hence, investigate through ordinary channels. Mining has some special media of investigation. Most of the mining papers are honest in this respect. I know of none that is really a legitimate paper that is dishonest. I do know that the banker is inclined to "knock" mining, but he has his reasons. I know that such publications as "Success," "The Saturday Evening Post" and "Collier's" have knocked. But can you blame them? They have told some very telling truths. They don't object, I am sure, to honest mining, but it is difficult to convince them that promotion is honest. And—why? The promoter talks of "collateral security," gives very punk "references," and says things that stamp him as NOT being a business man. I think it is better to tell the truth. There's more money in it in the long run.

I have dealt with business men all my life. I know their objections. I am not afraid to tell a business man he is taking a chance on a mine investment, but I want to show him whether or not it is a fair chance. I find that very seldom is he afraid to take a legitimate risk. Let that fact, then, be our keynote: mining is a gamble, but it can be a fair one.

Following are some subjects for thought, set forth editorially—and I leave to your judgment whether or not the subject matter is not as good as the best that appears in any mining publication. These editorials are entirely independent. Read them—think about what they say. If you disagree, write to me and let's discuss them.

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THE SQUARE DEAL.

Sometimes principles are reduced to mere words; slogans take the place of practice.

The square deal is a term that sounds well. It is a mouthful of sentiment. It is the same sort of sentiment that the "barkers" in the old-time Indian medicine shows were wont to give vent to—prior to the information that their agents would pass among you. Their remedies might or might not have possessed merit. You bought because the talk was well worded, the manner of presentation was convincing.

- Human nature never changes. It builds different environs for itself. It paves the roads of fact so as to make them pleasing, smooth highways. But the underlying truth never miscarries. It is simply a case of our misjudging it.

The square deal in mining means this:

Those who promote should be both competent and honest. They should get as good properties as possible and put all the money they can spare into their development. They should not sell their own stock while the company needs funds, and they should "stick" with the proposition through thick and thin. They may fail. Honest and capable men sometimes do fail. But when failure so far as the shareholders are concerned, means easy living for the promoters, what is the outcome?

To talk volubly about the "square deal" may only be the old hoax of the robber's crying "Stop thief!" so that, in the confusion he could escape, under the temporary delusion that he is the most honest of all men, for he was the first to raise the cry of honesty.

This brief analysis may be too direct, too simple to convince many investors that it is right, but the practices it has suggested are by far the hardest for promoters to live up to.

SUCKER DISTRICTS.

We of the West who are in intimate touch with mining, know of several camps that are held up for what they achieved in past performances, and for what they are expected to do in the future.

Some of these districts form the basis of easy promotions. They have "talking points." Transportation, timber, water and high-grade ores constitute a very glittering front. There are such districts, in Colorado and other states, that were great surface producers, and that have shown ore at depth, but that still do not pay.

Some classes of ore will assay "in the pictures," and still eat up their gross value in mining, shipping and treatment. Consider mining just as you would any other business. Does it pay?

Would you run a grocery store if you everlastingly had to raise money to keep it going? Would you be a druggist if you could not profit by it? Would you continue, COULD you continue, in any business, unless it paid?

Some of the old standbys in the line of camps attract little interest. They make money; they are known. Hence, they lack in that everlasting, unending "what is to be." Such is Cripple Creek, or Leadville, or the San Juan, all big payers, but advertised little. Men with money get into these regions. Men of means find them profitable.

But, mind you, there are "sucker districts," lots of them.

What does honesty avail in these camps? What does the square deal amount to when the ore does not pay a profit? What good are assays when the average milling value of the ore does not come up to them?

As an old-time miner once said: "Assays tell us that ore is present, but when it comes to telling what the average will be, you might as well look at a curry-comb and dope how fast the horse could run."

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THE LABORER AND HIS HIRE.

A promoter deserves profit—if the rest of the shareholders make anything.

The promoter who says that he is honest and is in the promotion business exclusively, takes that as an excuse for large commissions as he goes along.

That is not argument. Is it not, on the other hand, a sort of tacit admission that the promoter does not care to take the chances of winning out?

Few stockholders object to a liberal promotion interest. Why not go further and ask if cash commissions are not just a little out of the way? A cash commission to meet living expenses is excusable, but when it comes to taking out enough commission to build elegant homes, take long trips, frequent vacations and feed on a champagne basis, it is a legalized robbery that is "dead wrong."

You have read "financial reports" showing that the cash commissions taken amounted to 25 per cent of the total amount received; that "incidentals" footed up another 15 per cent; that salaries, office and traveling expenses have brought up another 35 per cent; and that, after all, only 25 per cent was available for mine expenses, and probably the actual percentage that got into the ground was not more than 10 per cent, or one-tenth part of the money secured. The promoters are on "Easy street" and the property is a derelict.

This, understand, is not the average promotion. But it does happen, and because those promoters will lie to get money, they can promise what the honest promoter could not agree to give.

The laborer is worthy his hire—but the laborer must admit limitations. He cannot take all that is to be secured. He cannot rob—or, admitting that he sometimes does—he should not.

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CRITICISMS OF THE EASTERN PRESS.

Many of the large Eastern weeklies have "cut loose" on mine promotion. Their arguments may have lacked familiarity with the subject, but they told certain truths that we cannot dodge.

If a promoter says that his stocks are good for "collateral security," and ought to be security for a fourth their par value, why does he not take the treasury stock to a bank, secure the funds, dispense with the cost of promotion and develop his property?

Why does he try to make folk believe that his arbitrary advances are based on fact? It is much better to say that the advances are arbitrary; that they are in keeping with a well-defined notion of advertising, and that the one good they achieve is to make possible the conserving of a larger treasury reserve.

What is the use of stating that stocks selling at 10 cents a share are worth a dollar? It is a surface falsenood. Business men read these wild statements and are accordingly disgusted.

Collier's Weekly has recently been running a series of articles by Elliott Flower. Mr. Flower is a capable writer. He knows nothing, perhaps, about mining. He overlooked the fact

that investors send their money west to be invested, and that if the promoter uses the funds thus received, he can carry little bank surplus. It is because investors see small good in banking their money, and some possibilities in mining, that causes them to invest.

We should be fair to Mr. Flower, and admit that, so far as ridiculing wild statements is concerned, he did well. He did some good. The complaint that harm is done by such publications is false. Let the Eastern press give their points of view. We need them.

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FEDERAL INVESTIGATION.

Were it not for the postoffice, what protection would investors have?

The states and territories granting charters exact nothing whatever beyond a nominal obedience of the laws so far as taxes and the filing of a few papers may be concerned.

The postoffice has been obliged to take a hand in the business, and if timidity on the part of investors results, let us have that timidity. It is better for promotion. It means a speedier settlement to a business foundation.

Don't set the mining papers down as inveterate muckrakers. Every time they "knock" bad practices, they lose in advertising space. It is to their credit that they put forth such persistent effort in attempting to get promotion where it should be, and their work is counting. Promotion is cleaner today than it has ever been before. The mining press must be accredited with no inconsiderable part in this reformation.

A dividend is a dividend when it has been earned. If a small part of your money is returned to you as "profit," you simply are assisting in buncoing yourself.

What is the sense of dodging issues? Suppose someone does raise a fuss about dishonesty or about lack of system in mine promotion. Let us meet these arguments fairly. Let us prove by what we do that we are capable. "By their works ye shall know them." That's the criterion.

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A LITTLE FINANCIAL FAMILY.

I am going to give you this from a purely personal point of view. Editorials should not partake of the personal pronoun—and especially of the "perpendicular" one. But this will show its own excuses for being so written.

I have met perhaps only a small portion of the men and women who have invested with me. But having met them, I found that there was a sort of financial kinship—a decent, operative human principle.

These men and women send me money. Heaven knows how hard they have worked to get it. Even if it came "easy" to them, it is still the symbol of confidence when they make their remittances to me. I have talked with these folk, have found them quite as agreeable as my own best neighbors, and have felt the sense of personal obligation that their confidence engendered within me.

My idea of a promotion is a little financial family. The promoter too often gets "all swelled up." He may become blue—disconsolate at times. He is just human. But do not his stockholders also have their little troubles? They are "good fellows" with him. He ought

to return the confidence by living as nearly as possible to their estimates of himself.

"Go ahead and do your best," they tell me, "and we will stand by you. We don't expect you to accomplish the impossible, but we have confidence in you." And, to my mind, a man who will wilfully betray that confidence is worse than "the man without a country."

We cannot all agree on fine points. But we can, at least, ascertain the cause of our disagreement. I like to "talk it over." I revel in writing long, explanatory, chatty letters to my clients. It is better. They have their worries and I have mine—but we each try to withhold our personal worries from one another.

Co-operation will some day swing the entire tide of financial affairs. None of this polished mahogany, burnished brass and plate glass for me. I want to keep the financial latchstring out, so that every one is welcome, in person and by letter.

Some of you may term this "sentiment." Maybe it is. There is a certain psychological element that takes the form of sentiment. Once a man realizes that his talents and ability belong more to the public than to himself, he has formulated a sort of business creed that considers "the other fellow." He must work on business principles, but he is in reality the servant of his clients rather than their dictator.

It will take a long, long while, I believe, before this is universally operative. There IS a temptation when a promoter opens his mail, and sees a lucrative pile of money orders, drafts, currency and checks before him. It is so easy to become indolent and appropriate—but how about those men and women who looked at the promoter in all honesty, all sincerity, and all confidence, and said, "I believe

you will give me the right deal;" how about all those men and women who have had to "figure" to make these payments possible?

The finest kind of honesty is that which emanates from co-operation. We can be honest just as some children can go to Sunday school—not because we want to, but because we have to. That is a miserable sort of square deal. It lacks the spirit of human endeavor and human understanding.

The highest compliment any man can pay to another is to trust him.

On the one hand, I can see the investor; on the other the mining property. It is better to pull through with them, win or lose, and reach the same goal. If I fail, and can prove that I, too, have been a heavy loser, I have forfeited none of that respect and trust.

The world is getting little and cramped. Wherever we go, we find some one—an individual from the past. If we know that nowhere in all the world need we fear meeting those whom we have known, it makes life a much easier and more delightful proposition. But if we are always looking into dark places and fearing the finger of accusation or scorn, what have we gained, though we have piled up more gold than the ransom of a king would require?

If this be sentiment, it is also business.

Co-operation becomes something real, tangible, enduring. It is not a myth. It is not a passing fancy.

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WILL YOU TAKE A CHANCE?

Referring again to the fact that my years in prospectus advertisement writing acquainted

me with all manner of folk and all sorts of schemes, I want to ask you if you would object to any one's coming to you and telling you that his proposition might not win?

Do you know that an ore body, in most districts, proved for a distance of 500 feet, a depth of 500 feet and a width of 2 feet would contain 14,774 cubic yards, or 51,709 tons of ore? If that ore is worth, gross, \$30 a ton, and can yield a profit of \$10 a ton, that means the property is worth, at the very lowest estimate, over \$500,000. If I had a mine that would measure up that way, no one could ever buy a share in it. Now, ponder. How many advertisements have you read that offered you an interest in a proposition where several veins were supposed to run from 4 to 12 feet wide, where assays ran as high as \$500 a ton, and where the reserves were portrayed as "limitless?" You probably invested in such enterprises, and what did you get out of them?

I prefer to come out, tell the facts, and ask you to take a chance. I believe it is better for all of us to take whatever chances are offered, so long as we are not deceived, nor are deceiving ourselves.

A lie becomes cumulative. It starts in a small way, such as talking of large veins—veins that may be barren of ore bodies. It is not wise to drop back to plain fact, so the lie grows, until the Portland, the Independence or the Homestake become insignificant as compared with these offerings. There have been fortunes for thousands in mining; with the advance of all facilities, there should be fortunes for many thousands more. But understand how much real security, if any, is offered to you. Bear in mind that a personal promise is not a guarantee. Don't be deceived by false standards. I am sure every one of you would take a chance, if it were a good one, and your money really went to make that chance better.

Don't be turned from the true course by thinking that vast acreage is essential. Every foot that is sunk will average better than \$20 in cost; every foot in a crosscut will average better than \$12, and every foot in drifting will cost not under \$7.

Don't be deceived by laying claim to the commercial value of this Western timber. I was brought up in the forests. I know what constitutes "select" and "cull."

Most of this mountain timber is absolutely worthless for building purposes and would be a jest when suggested for furniture or the like. It can be used for mine timbers and railroad ties. There its utility ends.

Don't be deceived by water rights. The cost of installing a plant is sometimes great. Don't figure too closely on the cost of mining and transportation and treatment you read in the prospectus. It may be far under practical charges.

Find out the chance. Learn what is becoming of your money. Then you will stand a fair show of winning.

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LET US BECOME ACQUAINTED.

I may know you, in person or "on paper," and I may not.

If you have any company on which you wish information, write to the mining papers.

If you want to talk over investment propositions, write to me. I shall be glad to hear your arguments and "talk it over."

Understand, please, I am a promoter. I do not believe in hiding the fact that I want your

patronage, but I want it only on a fair business basis.

You may be in the East or on the Pacific slope; you may be in Jamaica, in England or in the Orient. Wherever you are, you do not see the situation just as I can see it here, where mining is the one topic of conversation, the unending theme of the mountain region.

I shall, therefore, expect to hear from you. Assuring you that other booklets along this line will be forthcoming, I am,

Very truly yours,

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