

**PUBLIC COMPANIES FROM
THE CRADLE TO THE GRAVE;
OR, HOW PROMOTERS PREY
ON THE PEOPLE**

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Public Companies from the Cradle to the Grave; Or, How Promoters Prey on the People by
Jaycee

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P R E F A C E.

SO much literature has grown up in connexion with Joint-Stock Enterprise, especially since "The Companies Act of 1862" became law, that slight excuse is needed for introducing a further contribution to public notice. The aims of this differ, however, from those of most other books on the subject, which generally are from the pens of solicitors, law agents, accountants, share-brokers and dealers, law stationers, and others having a contingent interest in their own publications, whose purpose it is to "bring grist to their own mills" by saying a word to their readers, and at the same time judiciously advertising themselves; whereas this is prompted by the observations of one who has not found The Companies Acts to bring the unalloyed happiness that some authors would have us believe. Most of those books are addressed to promoters, directors, secretaries and managers of companies, floated or to be floated, and also to the general body of investors,—this work seeks a like circulation.

Some writers abridge the Acts, giving, in a more or less convenient and handy form, all details necessary for the starting and carrying on of companies; others amplify the statutes by copious notes, particularising decisions which have arisen out of their administration before our courts of law, while a few offer their *disinterested* advice to private firms, and show how easy it is to approach the monied classes, and how readily capital may be raised, with certain success or slight risk, if the proprietors desire to turn their businesses into joint-stock companies. We have manuals, pocket editions and library volumes, all testifying to the

"*living power*" which these statutes have become amongst us, but touching lightly, if at all, on the anomalies and abuses that have accompanied their onward march. The time has arrived, however, to point out that The Companies Acts and their administration are not all they were intended to be, or should be; that every year much of the country's capital, more especially that portion of it belonging to the poorer and middle classes, is recklessly and needlessly squandered by the slight protection afforded to *would-be investors*, and how easy is their adaptation to the ends of scheming men who through these Acts are continually preying on the public.

The method of this brief work, then, is, whilst detailing the main principles of Joint-Stock Enterprise, and specifying as concisely as possible the legitimate undertakings it lends itself to, and the capital therein employed, to show how advantage has been taken of the weak and unworkable points in the Acts to foist worthless schemes on the public which the slightest preliminary investigation of their antecedents by a proper authority would have condemned, and how this blot on our commerce can be, not perhaps totally removed, but at least considerably minimised. Some suggestions are made in the last chapter, indicating the nature of the most pressing reforms that seem to be called for.

It is hardly necessary to add that these pages are not directed *against* Joint-Stock Enterprise, the benefits of which are incalculable,—they do, however, seek to draw attention to the many questionable expedients employed under its sanction for asking the public to subscribe to worthless ventures as *bond fide* INVESTMENTS, and to promote *bogus schemes*, intended mainly to transfer cash from the pockets of shareholders into those of promoters. If only a few solitary examples could be adduced of this corrupt mode of procedure, the infringement of the Acts would hardly call for notice; but, when it is found that of all companies registered the most of them slide into obscurity, or are in liquidation within a year or so after their inception, and that not *five* in every *hundred* started turn out eventually

to be paying investments, these blots on a great system cannot be viewed merely as *exceptions*.

It must not be supposed that the companies referred to in these pages are to be taken as "frightful examples." Prominence is their lot here because they first publicly made *themselves* prominent, and so are best known to general readers. Unfortunately details of the most glaring cases are seldom to be had. As soon as the *purposes* for which they were called into existence are served, they are relegated to obscurity, and the hardships they bring are known chiefly by those classes unaccustomed to business, who, on discovering the *imposture*, with no one to take the initiative, must needs suffer in silence, since they can see no remedy.

This indiscriminate starting of companies, and the *convenient consciences* of even respectable men who engage in or lend their names, thoughtlessly, perhaps, to such undertakings, seem to point to a very easy-going morality, when the collective sums of many individuals are in question, and has led a leading journal to remark that "a public company is a leap in the dark." That it should continue to be so surely does not follow, and, as this waste prevents the flow of capital into legitimate channels, however unpalatable the statements here made may be to some, the sympathy and support of all those who have to do with the promotion of sound business ventures, whether to be worked by public companies or not, may be confidently relied on.

LONDON, August, 1883.

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