

Fraudulent practices were quite commonly engaged in by numerous "Guarantee" Companies. In one case, typical enough of many others, one such company took a mortgage for an amount greatly in excess of the value of the property on which it was a lien. The mortgage was foreclosed at a judicial sale and bid in by a subsidiary of the company for a fictitious sum. The relationship between the company and the subsidiary was not then generally known. The subsidiary thereafter sold the premises to a "dummy," who happened to be one of their insignificant employees. This employee, an office stenographer, thereupon executed a purchase-money mortgage to the subsidiary for the amount of the originally inflated and foreclosed lien. The company then went through the motion of purchasing this mortgage by assignment from the subsidiary and it became a part of their portfolio of mortgages to be offered to an unsuspecting public as a guaranteed mortgage investment. An investor, knowing nothing, of course, about this artifice, was beguiled by the glamour of a "guarantee," and in complete reliance on the company's appraisal of value, purchased this mortgage. By the terms of the "guarantee," the company undertook to collect the interest on the mortgage from the "dummy" owner of the property, send it to the innocent new holder of the mortgage investment, and ultimately to collect the principal and remit likewise, retaining a small fee for its services. Later on, when the company found itself in difficulties, it asked the investor to accept the mortgage outright and release it from its "guarantee." The investor became both curious and suspicious regarding the transaction. He caused the records to be examined, discovered the facts here recited and clearly saw through the fraud. In effect, the company had taken a mortgage on its own property and passed it off as a bona-fide transaction through the mediumship of the subsidiary and its "dummy". Aside from this being most unethical, it should be pointed out that the interests of a mortgagee and mortgagor are quite separate and distinct; separate and distinct enough to be in decided opposition to one another. How is it possible for a company to render fair service under such circumstances?

An action was brought by the innocent investor for the return of his money. In very quick time the company settled and made good the amount involved, in return for the consent to *expunge* from court records the dynamite with which the case was loaded.

The status of mortgage certificates owned by subsidiaries of "guarantee companies" was taken up in two cases quite recently in the New York Supreme Court. In one case the court held that the interests of the subsidiary were subordinate to certificates in the same issue owned by outsiders. The "guarantee" company argued in opposition to this ruling, despite the fact that the subsidiary here involved was no longer in existence,

having been dissolved three years before and besides, had no creditors. This sort of opposition can have but one interpretation; they would stop at nothing to inflict further harm on the innocent but deluded certificate holders.

All around us we hear of the value of the knowledge to be gained by the study of political economy. Students who are in the insurance business, in the stock brokerage business and even those engaged in the management and sale of real estate, assert how much they have been benefitted in the conduct of their business through the study of political economy. Many students with college training who have taken the courses at the Henry George Schools admit that their college training did not increase their knowledge of economics. But a study of Henry George enlightens them. Among other things, they acquire a sense of value and proportion, not otherwise obtainable. That is why they are helped in their business, whatever it may be. They also grasp a new perspective of life and of truth, and with it, a standard of ethics of the highest order.

JOS. HIRAM NEWMAN.

Henry George Congress Centenary will be Well Attended

LONDON, England—Arthur Madsen, Secretary of the International Union for Land Value Taxation, reports that among the European contingent who will attend the Henry George Centenary in New York, August 30 to September 2, will be the following:

Sam Meyer of Paris, for many years leader of the movement in France; editor of *Terre et Liberte*. Also, Mme. Sam Meyer.—Jakob E. Lange, doyen of the Danish movement, translator of "Progress and Poverty," writer of many books on political economy, author of a "Life of Henry George," prominent in development of Danish People's High School, in the curriculum of which is a course on Henry George—F. C. R. Douglas, born in Canada, active in the English Georgeist movement since 1910. Solicitor, Mayor of Battersea, member of London County Council, in which he has promoted the bill for land value taxation.—R. R. Stokes, M.P., successful business man, and teacher in the Henry George School of Social Science.—Bue Bjorner of Denmark, President of the International Union for Land Value Taxation; Mrs. Bue Bjorner, and Mrs. Sigue Bjorner.—H. Kolthek, leader of the Georgeist movement in Holland, of whom more news in another issue.—Ashley Mitchell, George Green, Rev. Leyton Richards, and other British members of the International Union. And as we go to press we learn that Josiah Wedgwood, M.P., one of the foremost Georgeist orators, plans to attend.