The EDITH and LORNE PIERCE COLLECTION of CANADIANA

Queen's University at Kingston
ONE HUNDRED YEARS
OF SERVICE

THE RECORD OF THE LAMBERTON
LOAN & INVESTMENT COMPANY
SARNIA • ONTARIO
NORMAN S. GURD, K.C.
President - - 1914-1943
Director - - 1898-1943
COLONEL ROBERT MACKENZIE
President - - 1943
Director - - 1902–1943
THE DIRECTORS AND OFFICERS of the LAMBTON LOAN & INVESTMENT COMPANY, 1943
THE Lambton Loan & Investment Company, the oldest mortgage company in Canada, in the year 1944 celebrates one hundred years of continuous service. Established in 1844 when British North America had only 1,500,000 people, twenty-three years before the birth of the Dominion of Canada, this institution has devoted a century to financing in Western Ontario in general, and in Lambton and Kent Counties in particular. First under the name of The Port Sarnia Syndicate (1844), later under the name of The Port Sarnia Building Society (1847), then The Lambton Permanent Building & Investment Society (1855), and finally, since 1881, under the name of The Lambton Loan & Investment Company, this company has confined its activities to that part of the country where it was born. It has never had branch offices nor loaned money outside of Western Ontario. Now as always, the success of this part of Western Ontario has been its prosperity and the failures its loss. Through the vicissitudes of one hundred years of Canadian finance, its depositors have never lost a cent, and its shareholders have never missed a dividend. Its unique place in Canadian finance, its record to its many shareholders, depositors and debenture holders, and its one hundred years of continuous service, make the story of the “Lambton Loan” worthy of a chapter in the history of Canadian finance.
It is difficult to imagine Canada and Western Ontario one hundred years ago. The details of the year 1844 are not clear in the memory of anyone alive to-day. The records are incomplete and only serve to outline the picture without bringing it into bold relief. Yet such an outline is necessary to provide a background for the founding and early operations of the Company.

British North America was small, with 1,500,000 people. The thought now expressed by the phrase “Halifax to Vancouver” was expressed in 1844 by the phrase “Halifax to Port Sarnia”. Lambton County did not exist except as part of Kent County. London, Ontario, had a population of 3,500 people. Windsor was a village of 300 people, but its neighbour, Amherstburg, long a military outpost, was a comparatively large place of 985 people. Chatham had a population of 700.

A sense of being an outpost of the Empire must have prevailed in what is now known as Sarnia and Lambton County. This section had missed the benefit of the economic development following along the Thames water system to Windsor. Nor did it feel the vigorous settlement of Colonel Talbot to the south and the Canada Company to the north. The development which occurred was the result of the private efforts of such enthusiastic individual settlers as the Honourable Malcolm Cameron, George Durand, Captain R. E. Vidal, R.N., James Flintoft, Senior, the Talfourds and many of their friends and relations.

These men, who all appear to have come to the district between 1832 and 1840, had not laboured in vain. What is now Lambton County had about 6,500 inhabitants. About 16% of its present land area had been taken up, but only 2%, or 14,800 acres had been cultivated. Sarnia had a population of 420, and there was a settlement of 100 people at Sutherlands, now Courtright, and another of about 40 at Froomfield.
In 1844 Lambton's industry consisted chiefly of potash and fish on an extremely small scale. Her agriculture was almost self-sufficient but produced little in the way of a cash crop. Funds for development either of industry or agriculture must, therefore, come from the few very well-to-do settlers. Such a condition produced a scarcity of capital that to-day we find difficult to understand. Even merchants who carried on a good trade by the standards of one hundred years ago did most of their business on a barter basis, trading groceries, clothes, etc., for potash.

There lived in Sarnia a certain Robert Skilbeck who had come to Canada in the early 1830's, and who had become a friend and employee of the Honourable Malcolm Cameron. Like some of the settlers of this period, Robert Skilbeck came to Canada with a record of military service, old-world education and experience, and a burning desire to forward the interests of his adopted country. Mr. Skilbeck had been an officer in one of the terminable Building Societies in England, and seeing the serious shortage of cash locally and the lack of any methods of financing, he suggested that a syndicate should be formed, and that the members should deposit with him any surplus money not needed for immediate use. This money was then to be put out on loan to the highest bidder, and the profits distributed from time to time amongst the depositors. This suggestion met with immediate response, and in the year 1844 The Port Sarnia Syndicate was formed, with head office in Mr. Skilbeck's house which still stands on Maria Street, Sarnia.

It was natural that the business of The Port Sarnia Syndicate changed rapidly, and the scope of its activities enlarged quickly. Although the moneys involved were, of necessity, small and the methods, measured by present-day institutions, crude, the faith in the future and the community spirit displayed in the formation of The Port Sarnia Syndicate must be admired. With this faith and spirit as a keel, this very small ship was able to weather financial storms while much larger ships were wrecked on the rocky coast of the development of Canada.
The demand for more adequate credit facilities on the one hand and the demand of small depositors for facilities to save money on the other hand, became more and more pressing throughout Canada prior to 1847. Business men presented their ideas to the legislators of Upper Canada, and in 1846 was passed the “Upper Canada Building Society Act” (9 Victoria Cap. 90).

The members of The Port Sarnia Syndicate were quick to take advantage of this opportunity. They had pioneered in this type of financing. Included among them was one who had had experience in one of these Societies in the old land. So The Port Sarnia Syndicate was wound up and on February 9th, 1847, a public meeting was held in the school house for the incorporation of a Building Society under the recent statute. At this meeting under the experienced direction of Robert Skilbeck, The Port Sarnia Building Society was formed. Its capital structure and its by-laws were drawn up and submitted to the government authorities. On March 27th, 1847, a certificate of incorporation was granted to The Port Sarnia Building Society.

Like most of these Societies, it was a co-operative scheme. It was primarily designed to help its members save money and at the same time provide a source of funds from which its members could borrow. Unlike banks, which received deposits from those who had surplus funds and loaned to others who needed funds, “The Society” received its moneys only from its members and loaned primarily to these members. It was a co-operative saving and lending institution.

A membership in the Society required subscription to at least one share of stock of £50 par value. Shares could be purchased by monthly instalments of 5 shillings per share. There was an entrance fee of 2 shillings and 6 pence and an annual management fee of the same amount. When the monthly payments together with profits equalled the face value of the share, each member became entitled to payment
of the par value of his share. Other interesting items among the thirty-five rules were: that no property would be accepted as security for more than two-thirds of its estimated value; and that the Directors shall be “indemnified, out of the funds of the Society or otherwise, from all expenses in reference to the formation, conduct and management of the Society but shall receive no remuneration or allowance for their own service”.

Under these simple rules based on co-operation for the solution of common financial problems, the subscribers’ list was opened. At the first general meeting of subscribers, the following directorate was elected:

President:  
CAPTAIN R. E. VIDAL, R.N.

Secretary-Treasurer:  
R. SKILBECK

Directors:

THE HONOURABLE MALCOLM CAMERON,
F. TALFOURD, CAPTAIN WRIGHT, R.N.,
SENATOR ALEXANDER VIDAL, ARCHIBALD YOUNG,
F. FISHER, H. CROSS.

The first year’s operation under the new charter was considered successful. The President, in his annual address, says in part, “The President and Board of Directors of the Society, before quitting office, take this opportunity of congratulating the respective members on the favourable report”. This report showed fifty-four members who had subscribed for one hundred and six shares. The subscribed capital was therefore, £5,300. But the paid-up capital was a much smaller amount, being only £371, or approximately $1,803. The income for the year totalled £290 or approximately $1,409, including fees and forfeitures of £17 and bonuses and interest of £273. The entire expenses of management, including salaries, printing, etc., were only £19.19, or roughly $97.
ORIGINAL SUBSCRIPTION LIST

A few names selected from the list of members who signed the original covenant and subscribed for shares at the formation of the Company.

Malcolm Cameron, Port Sarnia  F. Talfourd, Port Sarnia
William R. Wright, Montreal  James Symington, Plympton
Archibald Young, Port Sarnia  Thomas G. Mudie, Port Sarnia
Henry Cross, Port Sarnia  James Smart, Port Sarnia
James Flintoft, Port Sarnia  Samuel Hitchcock, Port Sarnia
R. E. Vidal, Port Sarnia  James Fair, Port Sarnia
Robert Skilbeck, Port Sarnia  Thomas Fisher, Moore
George Durand, Port Sarnia  George Stevenson, Port Sarnia
Alexander Leys, Port Sarnia  Thomas Houston, Port Sarnia

EARLY LOANS PLACED BY AUCTION

Minutes of a Loan Meeting held shortly after the formation of this Company—

"The Fourth Loan Meeting of the Directors of Port Sarnia Building Society was held in the School House, Port Sarnia on the 26th of July, 1847. The Loan of £50 was put up to competition and it was ultimately taken by Mr. Hitchcock at 45 per cent.

Present — Capt. Vidal, Capt. Wright, Mr. Young, Mr. Cross and Mr. Skilbeck, Directors, and 12 members.

(Signed) Rich’d E. Vidal, Arch’d Young,
Robt. Skilbeck, Secty. & Treas."
1847 to 1855

With this new organization and a new charter, this little company on the frontier of Canadian civilization set out again to sail the economic sea. It immediately encountered storms and rough seas that sank many an older and more experienced ship. It owes its ability to weather these successive economic storms and squalls to the soundness of its management and the faith displayed by the members of the “Society”.

From 1840 to 1847, Canada had been in one of her periods of rapid expansion and prosperity, with the milling and timber trades particularly benefited. But by 1849 conditions were reversed. The result was that property values in booming milling towns in Canada fell as much as 50% between 1845 and 1848 and three-quarters of the business men in these districts became insolvent. Credit in the face of
international difficulties and general price decline became extremely restricted.

Conditions quickly reversed themselves and 1849 saw a bumper crop in Canada West and British capital began to flow into Canada by 1851 to build the first railroads. By 1852 agricultural prices had begun a sharp upward spiral which culminated in 1855 and resulted in a rise of over 70% to a level not to be exceeded until 1919-1920. The Canadian railroad expansion also resulted in sharply rising land values, both urban and rural. By 1854 the flood tide of prosperity had spread across Canada and the economic sea was calm.

Sarnia and Lambton County, emerging as it was from an outpost of civilization to a great farming district, felt severely this business cycle. The milling interests along the River had suffered. The timber interests, which were still on a small scale compared with later years, also suffered. But the most serious setback to Lambton County was the cessation of immigration and the collapse of land values in the period 1848-1850. It is not surprising therefore to find there was some depopulation in several townships, although the population of Lambton grew from 6,511 to 9,358 people.

Correspondence and papers of the period show that Sarnia and Lambton County had two local problems which, in the opinion of the residents, were regarded almost as important as the general business cycle—roads and land development. The Lambton Observer and Western Advertiser (grandfather of the present Sarnia Canadian Observer) says in its issue of April 20th, 1854, "There are few counties in Canada West where the want of good roads has been more severely felt than in this; none (except nine miles of plank) being in existence. . . . Such a state of things must naturally offset the prosperity of this section of the Province, preventing the settlement of vacant lands and actually paralyzing the farmers who cannot compete with others more favourably situated". The same publication, in its issue of November 1st, 1855, in commenting on lands put up for sale because of tax arrears, says, "As we have stated on repeated occasions heretofore, land speculation has been the bane, the curse of Lambton; and its
effects are likely to continue to be felt in a way most prejudicial to her prosperity and material progress for a long time to come. This county has been the county above all others where the sharks have exercised their vocation, and have gulped the largest mouthfuls of plunder. Whatever the explanation, the progress in developing Lambton’s fertile soil was extremely slow during this period. In 1841 only 14,818 acres, or 2% of Lambton’s 700,000 acres, were cultivated. Ten years later, in spite of very active immigration to Canada and an increase in Lambton’s population of 33\(\frac{1}{3}\)%, the cultivation amounted to only 21,980 acres or 3% of Lambton’s area, an increase of only 1%. It was only in the following decade after the railroad development in Lambton, that cultivation of Lambton’s fertile soil really developed in earnest.

As Lambton’s problems have always been the problems of the Company, progress and growth during this difficult period was not rapid. Commencing business as a Building Society in 1847 when business conditions had definitely taken a turn for the worse, whatever funds were available were put up for auction on the average of once a month. Borrowers were advised by an advertisement in the local newspaper that a public meeting would be held (usually at the school house—where the Ford garage now stands) for the purpose of auctioning money for a loan. The borrowers had to be prepared to put up a mortgage or an endorsed note as security. When the meeting convened one or two loans of £50 were put up for auction and those wanting to borrow bid for the right to have the loan by indicating the rate of interest they would pay to get the £50. There is no record of how many attended the meetings or how spirited the bidding became, but the following table showing the number of loans made and the average rate of interest bid for these loans indicates that the bidding must have been very spirited indeed.

This table illustrates many important features of the activities of the Company in this period. It shows how the Company was able to persist in helping the financing of land developments in one of the most difficult periods in Canadian financial history. It illustrates that
in spite of handsome interest rates, money for financing was so scarce that the most the Company was able to lend in any one year was £800, or approximately $3,888. This scarcity of available funds is further demonstrated by the sudden drop in interest rates between 1852 and 1853. For it was in 1853 that the Bank of Upper Canada opened a branch in Sarnia, making further funds available with the consequence of a sharp drop in interest rates.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Loans</th>
<th>Amount Lent</th>
<th>Average Interest Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1847</td>
<td>10</td>
<td>£500</td>
<td>45.4%</td>
</tr>
<tr>
<td>1848</td>
<td>11</td>
<td>£550</td>
<td>39.8%</td>
</tr>
<tr>
<td>1849</td>
<td>14</td>
<td>£700</td>
<td>36.4%</td>
</tr>
<tr>
<td>1850</td>
<td>12</td>
<td>£600</td>
<td>21.0%</td>
</tr>
<tr>
<td>1851</td>
<td>10</td>
<td>£500</td>
<td>12.2%</td>
</tr>
<tr>
<td>1852</td>
<td>14</td>
<td>£700</td>
<td>18.7%</td>
</tr>
<tr>
<td>1853</td>
<td>10</td>
<td>£500</td>
<td>9.3%</td>
</tr>
<tr>
<td>1854</td>
<td>16</td>
<td>£800</td>
<td>10.3%</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td>£4850</td>
<td></td>
</tr>
</tbody>
</table>

There may be those who, noting these extremely high interest rates, may come to the hasty conclusion that the Company was practising a form of usury. Such was definitely not the case. The Company did not charge these rates; individuals were ready to bid these rates and the borrower certainly did not pay the Company a higher rate than could be obtained elsewhere. In this sense the Company’s activities were a factor in lowering the rate of interest rather than the reverse. But most important of all it must be remembered that the borrowers and the shareholders were usually the same people. Whatever profits were made from high interest rates were returned to the borrowers in the form of profits.

The ability of the Company to weather the financial storms of this period when it was so young and small, was not because of the high interest rates or the rapid expansion of the area, but rather the exceptional calibre of the men who guided its financial destinies. Many of Sarnia’s and Lambton County’s most prominent men gave their
help and advice to this young Company—Captain Richard Emeric Vidal, R.N., the first President of the Company, after whom Richard (now College Avenue), Emeric (now Brock Street), and Vidal Streets, Sarnia, were named, and whose influence and aggressive endeavours play such an important part in the history of Sarnia; The Honourable Malcolm Cameron, one of the founders of Sarnia, after whom Cameron Street is named, while Postmaster General of Upper and Lower Canada was a member of the Board of Directors;—The Honourable Alexander Mackenzie, afterwards the first Liberal Prime Minister of Canada, and member for Lambton County from 1861 to 1878 was also a member of the Board of Directors in the period 1847 to 1854; Froome Talfourd, after whom Talfourd Street and Froomefield settlement were named; J. R. Gemmell, founder and editor of The Lambton Observer and Western Advertiser, was a member of the early Board of Directors; Archibald Young, a prominent dry goods merchant and Reeve of Lambton County in 1853 and again in 1860 was a member of the first Board of Directors and President of the Company in 1854; Hope Mackenzie, brother of The Honourable Alexander Mackenzie and member for Lambton in 1860, and later the member for Oxford, was also a member of the Board in this period.

So The Port Sarnia Building Society, having succeeded a very small Syndicate, was able to survive and prosper through one of the most difficult periods in Canadian financial history and attract to its activities the leaders in Lambton County. By its efforts it was able to contribute to the development of Lambton County in a period when no other agency was willing to help in the financing of land settlement in this section. By 1857 it had become an integral part of this area and because of its firm foundation was ready to participate in the rapid development which was soon to take place.

1855 to 1867

Up to this point the County and the Company were outposts of civilization fighting the physical and economic battle of the frontier. But in the twelve-year span of this period, both the County and the Company experienced tremendous growth. Two big events were
responsible for this. The completion of two railroads through the County and later the Petrolia Oil development. These two events turned Lambton County from an infant to a strong and vigorous youth. In these events The Lambton Loan and Investment Company played its part as has been the case for one hundred years.

The period opens with another fundamental change in the structure of the Company. The Port Sarnia Building Society (1847) being a “terminating society”, could see the realization of its purpose by 1855. The Company having fulfilled a vital need in the young community, decided to put itself on a permanent basis. In the words of the official announcement which appeared in the Lambton Observer and Western Advertiser on May 17th, 1855, “The Port Sarnia Building Society, established in 1847, being now in the process of winding up its business, a number of its members who feel satisfied with the beneficial effects of this, and other Societies having similar objects, have evinced a desire to have a new organization established, embodying the principles of the said Society under certain modifications which will render these more extended and beneficial”.

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Changes in the financial structure of the Company were of a minor nature. The shares remained at £50, but half shares were also issued at £25. A direct appeal was made to three types of customers—borrowers, investors and depositors. To borrowers the Company offered an advance of £50 on the basis of a set monthly repayment on mortgage. The unsatisfactory method of auctioning money to the highest bidder was abolished and money was offered at a fixed rate of approximately 7%. To investors, the Company offered a monthly payment plan by which shares could be paid in full in five years. Interest on these monthly payments was paid at the rate of approximately 8%. At the end of five years, the investor became a full-fledged shareholder, and received dividends as declared. No dividends were accrued until the share was paid in full. To depositors the Company offered three rates of interest. Sums of money from £1 to £10 if deposited subject to call without notice received 4%, but if deposited subject to thirty days' notice they received 5%. Deposits of £10 and upwards, if subject to call without notice, received 5%, but if deposited subject to thirty days' notice, received 6%.

At a meeting held on July 2nd, 1855, the reorganized Company elected its directorate. Archibald Young, a member of the first County council in 1852, was elected President. James Flintoft, Senior, the first Sheriff of Lambton County, began an association with the Company that was to last for seventeen years, as Vice-President. The Secretary-Treasurer was the faithful Robert Skilbeck, whose ability and foresight had played such a prominent part in the eleven years of the Company's history. The other directors were Henry Glass, dry goods merchant and the second Mayor of Sarnia, and J. R. Gemmell.

Shortly after this reorganization, the first major event in economic development and growth of Lambton County occurred. The Great Western Railroad completed its line to Sarnia through the Township of Warwick. Two years later, in 1860, the Grand Trunk Railroad completed its line to Point Edward through the Township of Bosanquet. Lambton County's magnificent natural resources were thus suddenly opened up. Thousands of acres previously uninhabited heard the sound of the lumberman's axe. Thousands of acres, until
now only modestly cultivated, became active and profitable farm land. Flour mills sprang up to grind the flour from the greatly increased wheat acreage. Towns grew around stations on the railroads. Forest and Thedford became centres on the Grand Trunk, while Watford and Wyoming became centres on the Great Western Railroad. The railroads also brought the development of the forest industries which for a long time were the source of great prosperity to the County. The manufacture of potash, the making of squared timber and staves as well as straight logging, became the County’s leading industries until the discovery of oil.

Although the existence of oil had been noted as early as 1830 in Enniskillen Township, it was not until 1862, when the Shaw Well came in, that Lambton County became Canada’s first oil field. When this well blew in, it had the effect of a bombshell economically and socially throughout the County. With oil at $10 a barrel and the Shaw Well showing 2,000 barrels a day, a rush to Oil Springs developed that could easily be compared to a gold rush. But by 1865
the bubble had burst. Petrolia succeeded Oil Springs as the centre of the oil development. Then in 1866, the American Civil War and the Fenian Raids caused such unsettlement that the large American operators left Canada for a year, until the trouble cleared away. Although Lambton's oil field never again reached the colorful boom conditions of 1863-64, it remained one of the country's most important industries and was indirectly responsible for the location of the Imperial Oil Refinery in Lambton County.

The railroad and oil development produced the greatest single ten year population growth in the history of the County. Whereas between 1841 and 1851 the increase was only 3,705, between 1851 and 1861 the increase was 11,438 people.

The County and the Company therefore greeted Confederation with twenty-three years of slow and difficult growth, but with concrete signs of definite progress. The County and the Company in the year of Confederation had changed from infant pioneers to strong and healthy young Canadians.
The first thirty-three years after Confederation brought every variety of economic conditions. Up until 1873, there was modest prosperity during which time European capital flowed into Canada for the building of railroads. But in 1873 there was a financial crisis in the United States and the flow of money to Canada ceased, bringing five lean years. Credit conditions were very difficult and all the ills of too rapid economic expansion were felt in every part of Canada. Then followed a period of expansion based on the building of the Canadian Pacific Railway and the opening of Western Canada. This exceptional prosperity was short-lived, for between 1890 and 1900 Canada entered another period of black depression. Because it was accompanied by an unprecedented shrinkage of real estate values, the depression of 1890-1900 was the most difficult period through which loan companies had to pass, up to that time. As a result, mergers became fashionable and many of the smaller and weaker companies joined together to consolidate their strength for the difficult days.

Although Lambton County continued to grow, the problems that were faced during the period were particularly difficult. With the exception of one or two years, it was a period of steadily declining agricultural prices. Ontario wheat which averaged $1.33 per bushel in the period 1865 to 1869 fell steadily to 74 cents in the period 1895 to 1899. The effect of a steadily declining agricultural price structure on a slowly expanding agricultural county such as Lambton, presented the utmost difficulties for growth. Further, Lambton's oil industry felt the results of over-expansion and the gradual depletion of the field. Writing in July 1870, the oil correspondent of the Monetary Times at Petrolia expressed these difficulties. "The King territory is showing signs of going out and as I have often said, if new territory is not struck our oil business must sometime come to an end." But in spite of these difficulties consolidation was finally
achieved and the oil tradition of the county was carried through to the present day.

Under these circumstances the problems of the Company must have been extremely difficult. Whereas other loan corporations were attracted to the great Western expansion after 1880, the "Lambton Loan" continued to only do business in the county where it was born. The soundness of this policy was demonstrated in the period 1880 to 1890 when many loan corporations which were much larger were forced into mergers as a result of over-expansion in Western Canada, where lending rates were at one time exceedingly attractive. But the "Lambton Loan" as it has for one hundred years had as its problems only the problems of Western Ontario, had as its success only the successes of that area.

True to its policy of accepting as its problems the problems of the County, the "Lambton Loan" during this period went into the municipal and spiritual development of Lambton. The Company purchased over $72,500 of municipal debentures and made over $47,000 in church loans. By the purchase of county debentures the Company played its part in making funds available for the ever increasing municipal responsibilities. Sombra, Plympton and Sarnia Townships received the largest support but the villages of Petrolia, Point Edward and Wyoming also received financing through the Company. Church loans were made to most denominations and in every section of the County. St. George’s Anglican Church of Sarnia and the Methodist Church of Sarnia received the largest financing, but other churches to receive support included Camlachie Methodist Church, the Braggden Church, the Oil City Church, Alvinston Baptist Church, the Mandaumin Presbyterian Church, the Courtright Methodist Church, the Marthaville Methodist Church and the Point Edward Methodist Church.

Three milestones that should be noted were passed during this period. In April, 1885, the Company availed itself of its right to issue debentures. Since that time the Company has greatly expanded its debenture business until they are well known throughout Lambton
County as well as in Kent, Middlesex and Grey-Bruce. Never since the first debenture was issued has any holder had to wait for his principal on maturity, and never has the Company failed to cash a debenture coupon at the contracted interest rate. Because of this long and faithful record, the debentures of the Company have come to be recognized as a gilt-edged investment in the County of Lambton.

Another milestone was passed in August, 1855, when the Company purchased the "Dainty Store" from the Honourable Malcolm Cameron. Situated on the southwest corner of Lochiel and Front Streets, this building has come to be known as the Lambton Loan Building. The interior has been altered from time to time and its facilities have been made up-to-date, but for fifty-eight years the Company has remained in one location in the City of Sarnia.

The third milestone was the adoption of the present name of the Company. The minutes of the Directors' Meeting held on December 1st, 1879, contain a motion "That the name of the Company be changed to 'The Lambton Freehold Loan & Investment Company'." But successive minutes and the incorporation show the name as The Lambton Loan & Investment Company, so that on second thought the "Freehold" must have been dropped. But the change of name brought no change in the objects and policies of the Company.

Yet, in spite of the difficulties and vast changes of the period, the thirty-three years following Confederation were characterized by steady if not phenomenal growth. This was especially true after 1880 in the case of the Company. Between 1880 and 1900 the Company had the largest expansion in its history up to that time. For it was in this twenty years that the Company finally matured to one of the leading loan corporations in the province. Between 1880 and 1900 total assets increased from $800,000 to $1,486,714. Savings deposits increased from $430,000 to $536,000 while debentures grew from zero to $150,000. Money lent on mortgage grew from $750,000 to $1,406,290 in the same period. But most important of all, as a measurement of the success achieved by the Company, was the growth of the reserve fund from $39,000 to $295,000 between 1880 and 1900.
As in the case of previous historical periods, many of the most prominent names in Lambton County appear as officers and directors of the Company. James Flintoft, Senior, a partner of the Honourable Malcolm Cameron, was President of the Company from 1859 to 1874. Daniel Mackenzie, dry goods merchant, who served eleven years as an Alderman on the Sarnia City Council and two years as Mayor, was President for twelve years, from 1874 to 1886. Charles Mackenzie, brother of the Honourable Alexander Mackenzie, the first Liberal Prime Minister of Canada and former director of the Company, also a member of Parliament for West Lambton, served twenty-three years on the Board. He was Vice-President from 1879 to 1887 and President from 1887 to 1902. There also appeared in this period a name which has been connected with the Company for seventy-five of its one hundred years. R. S. Gurd, prominent lawyer of Lambton County and Mayor of Sarnia in 1868-69, became Secretary-Treasurer of the Company in 1868 on the death of Robert Skilbeck. He held this position until he became Managing Director in 1879. This important and active post he held until 1896. He was a director of the Company continuously from 1879 until his death in 1898. Other outstanding men to hold office in the Company during this period were Alex. Leys, Vice-President from 1871 to 1876; Thomas Houston, Vice-President from 1887 to 1895; A. C. Clark, a resident of Sarnia as early as 1844 and prominent among the early merchants, became a director in 1879 and Secretary-Treasurer in 1884, a position he held until his retirement in 1905. Other men who held directorships in the Company in this period include W. E. Watson, John Paul, Geo. Shirely, Wm. Cowan, Wm. and James Symington, Alex. Johnston, and D. W. Johnston.

By 1900, then, the Company and the County had matured. The County's population had increased from 24,916 in 1861 to 56,642 in 1901, and the land occupied had more than doubled from 291,803 acres in 1861 to 660,286 acres in 1900. Indeed, by 1900 Lambton County had reached its full stature, for whereas in 1900 its population was 56,642, in 1941 it was 56,694, and the acres occupied in 1900 were 660,286 and only 659,124 in 1940. The succeeding forty-three
years have seen the County grow industrially and mature financially and economically, but by 1900 Lambton had reached maturity in population and land development. The Company, on the other hand, by 1900 had grown from a small Society of a few members to one of the best known loan corporations in the Province, having total assets of $1,486,714, deposits of $520,745, debentures issued of $150,220 and mortgage loans of $1,324,542. But the succeeding forty-three years in the case of the Company were to justify the faith placed in the County in which it was born and to permit its growth to almost four times its size in 1900.
F. W. KITTERMASTER

HON. F. F. PARDEE

ISAAC UNSWORTH

DAVID MILNE
PROSPERITY, DEPRESSION AND TWO WORLD WARS
1900 to 1944

The twentieth century has brought changes and complications of a magnitude undreamed by the founders of The Lambton Loan & Investment Company. From 1900 to 1914 another period of prosperity and rapid expansion brought with it all the evils of rapid price increases and overvaluations of real estate. Before adjustments were made, Canada plunged into World War I. For four years she gave the best she had to offer in men and materials. Prices, especially those of farm origin, increased sharply and mortgage lending made possible extensive increases in farm produce to feed our European Allies and the other members of the British Empire. The immediate post-war period 1918 to 1921 saw a continuation of the inflationary trend in prices and a corresponding increase in farm production to meet the needs of impoverished Europe. After a minor depression in 1921-1923, Canada entered the world-wide prosperity era that culminated in 1929. The resulting depression, the most severe and protracted ever experienced, is too fresh in our minds to need description, except to point out that the Company's largest body of customers, the farmers, were among those most severely hit. The five years of improved business conditions, 1934-1939, were a relief from the difficulties of the previous five years, but in Western Ontario they did not represent prosperity among the farming class. Just as conditions appeared to have righted themselves, Canada plunged into World War II. This time the difficulties of restricted world markets have prevented the farming community from reaping the full benefits of higher world prices. But the farmers and industrial workmen of Lambton County have met the new challenges of this War with the same courage and fortitude as they did the difficulties of the past. The "Lambton Loan", true to its policy of the past one hundred years, has continued to tie its fortunes to those of the people in the part of the world in which it was born. It prospered in the War and post-war era of World War I, and the 1929 era. It suffered in the dark days of 1930-1934.
It emerged, as it always has in the past, stronger and better equipped to meet the problems of the people of Western Ontario in World War II and the post-war era which must eventually come.

But in spite of some favourable factors, the wide swings of prosperity and depression in Lambton and Kent Counties brought problems of the greatest magnitude for the farmers and the Company. Accustomed to an annual field crop income of between $7 and $9 million in the case of Lambton and between $10 and $12 million in the case of Kent in the period 1911-1930, the farmers of these counties found their income virtually cut in half in the period 1931-1940. Mortgage agreements based on the higher income became extremely difficult to meet. Wherever possible extensions of interest and principal payments were made by the Company on a greater scale than by some of the larger loan corporations. Although many farmers succumbed to the flood tide of depression, many more were able to weather the storm and with the improved prices following the declaration of World War II, have been able to meet their contractual obligations with the Company which suffered with them during the dark days of the “great depression”.

Industrially, the period 1900 to 1944 has been the golden era for Lambton and Kent Counties. In this period both have turned from predominantly agricultural counties to counties having a well rounded industrial pattern and containing some of the largest and most important industries in the British Empire.

The completion of the Tunnel under the St. Clair River in 1891 made Sarnia the terminal of two great railroads and a port of entry from the United States of America. This event seems to have been the beginning of a rapid and large industrial growth. In 1897 the first major event in the industrial growth of Sarnia took place. In that year Imperial Oil Limited took over the Alpha Refining Company and established its headquarters in Sarnia. Since that time its plant at Sarnia has grown and developed until it has become known as “the largest refinery in the British Empire”. The people of Lambton, oil conscious since the developments at Oil Springs in the 1860’s, have
taken the oil business to their heart and are as proud of the Company as if it were owned by them. Since the declaration of War, this oil tradition has been carried further in the synthetic rubber plant known as Polymer Corporation Limited. The establishment of this plant at Sarnia, an outgrowth of the oil tradition, is also a recognition of her maturity as an industrial centre.

Other important industries attracted by the same benefits as the Imperial Oil, have made Sarnia their headquarters. During the year that Imperial Oil Limited located in Sarnia, The John Goodison Thresher Co. Limited took over the Agricultural Implement Association and has continued to operate on an ever-increasing scale to this day. In 1899 Laidlaw Belton Lumber Company, Ltd. took over the lumber tradition of the County, and has grown to be one of the most important lumber companies in Western Ontario. In 1907 the Sarnia Bridge Company, Ltd. made its headquarters in Sarnia to be followed in 1910 by the Dominion Salt Company which took over the old Empire Salt Company formed in 1904. In 1912 Mueller Ltd. joined the fast increasing industrial plants centered around Sarnia and in 1918 the Holmes Foundry Company, Ltd. was established. In 1926 the Sarnia Elevator Company, carrying on the tradition of the port and shipping facilities of the town, opened its large elevator. In 1930 the Electric Auto-Lite Limited opened its Sarnia plant bringing another new and different industry to the city.

The industrial development of the city of Sarnia was reflected in its population growth: 1901—8,176; 1911—9,947; 1921—14,877; 1931—18,191; 1941—18,560. And although The Lambton Loan & Investment Company took no part in the financing of the industrial development, it played a most important part in the lives of the workers who came to Sarnia. Many homes were purchased and many homes were built through financial aid given by the Company. In most cases these same workers, when established, found the Company’s savings facilities of great benefit and became permanent debenture holders and depositors. Through its home financing and its saving facilities, the Company has, therefore, played a small but important part in the industrial development of Lambton County.
Against this background of agricultural prosperity and depression and steady industrial growth, The Lambton Loan & Investment Company expanded, then suffered and finally emerged in the strongest position in its history. Between 1900 and 1914 the Company showed the greatest growth of the period. Between those years total assets increased from $1,486,714 to $2,950,183 or 98% and deposits increased $520,745 to $936,258 or 80% while debentures increased from $150,220 to $489,063 or 126%. Although this was a notable expansion period in the history of the Company, the substantial growth in the balance sheet figures resulted largely from the Company taking over The Huron & Lambton Loan & Savings Company in January 1907. It was also a period of expanding profits and increasing interest rates. Net profits increased from $48,486 in 1901 to $94,748 in 1913 and
the dividend was increased from 8% to 9%. Mortgage interest earned increased from 5\(\frac{1}{4}\)% to 5\(\frac{1}{2}\)% while debenture interest paid increased from 3\(\frac{1}{2}\)% to 4% and savings interest paid from 3% to 3\(\frac{1}{2}\)%.

The same trend of expansion and increasing interest rates continued during the period of World War I and the immediate post-war period. By 1922 total assets had passed the three million dollar mark at $3,620,780, an increase of 23%. Deposits increased moderately but debentures issued expanded sharply to $809,093, an increase of $320,030 or 63%. Net profits under these conditions continued to increase, averaging $100,000 for the period and setting an all-time high record of $114,735 in 1919. The dividend kept pace with expanding profits and was increased by steps from 9% in 1914 to 11% in 1922.

The great “prosperity era” of 1922 to 1929 saw the Company continue its uninterrupted expansion of the previous twenty-two years. All items in the Company’s balance sheet reached new all-time high records by 1929. Total assets increased to reach $5,109,132 while deposits were maintained above the one million dollar mark and showed an increase of 41% to reach $1,155,241. But it was debentures issued which showed the most phenomenal growth. Between 1922 and 1929 debentures grew from $809,093 to $1,839,138, an increase of 127%. This growth in debentures reflected the faith in the Company built up over the eighty-eight years of service to the people of Western Ontario.

The succeeding ten years contained the most difficult in the history of the Company. For the period 1929 to 1939 contained the five years of the great depression and five years of slow but steady revival. Between 1929 and 1934 total assets fell from $5,109,132 to $4,091,516 and mortgages from $4,125,768 to $3,295,983. At the same time, deposits and debentures fell at an equally severe rate, the former declining from $1,155,241 to $885,428, and the latter from $1,839,138 to $1,540,586. Under these conditions it is not surprising to find net profits sharply reduced from a level in excess of $100,000 annually to
only slightly in excess of $32,000 in 1934 and 1935, thus forcing a reduction in dividend from 12% to 4%. These figures of profits should destroy, if that were necessary, an ignorant statement sometimes heard, that loan corporations profit out of others’ hard luck. For it is only necessary to compare this period with that of the period 1922 to 1929, or even 1914 to 1922, to realize that the “Lambton Loan” prospered only insofar as its clients prospered.

Since the depths of the depression the “Lambton Loan” has made great strides in improving its financial position to the strongest in its history. Liquid assets (cash, stock and bonds) have increased from $234,745 in 1934 to $1,534,333 in December, 1943, an increase of 553% and real estate held for sale has declined from a high of $396,786 in 1937 to $101,881 in 1943. Even in wartime and a period of lowering interest rates, the Company’s total assets have actually increased, these being $4,251,401 in December, 1939, vs. $4,617,845 in December, 1943. And again, after the withdrawal of depositors’ funds for the purchase of various Victory Loans, deposits have actually increased from $1,051,292 on December 31st, 1939, to $1,235,833 on December 31st, 1943, and debentures increased from $1,625,977 to $1,722,496 in the same period. Improvement in profits and dividends has been marked in spite of the heavy wartime taxation and the level of net profits has increased from approximately $32,000 in the depth of the depression to slightly in excess of $64,900 in 1943. This has enabled the Company to increase its dividend from 4% to 5%, and in addition, to add $25,000 to its undistributed profits.

As in previous historical periods, the Company was able to attract leading figures in the County to hold positions on its Board of Directors, and in its management. To these men must be attributed the successful operation of the Company and its ability to weather the most serious economic storm in its one hundred years of existence. Theirs was not an easy task but they contributed generously of their time and abilities to the affairs of the Company and the strong position that the Company holds to-day is a result of their direction and the loyal and faithful efforts of its staff.
Between 1900 and the present time, the Company has only had four presidents. At the beginning of the period, F. W. Kittermaster, prominent citizen of Sarnia and Lambton County, was President. This position he held until his death in 1904. He was succeeded by Isaac Unsworth, private banker of the town of Florence, who had been Vice-President for a number of years. Mr. Unsworth guided the Company through the expansion years until his death in 1914. He was succeeded by Norman S. Gurd, K.C., who held the Presidency for twenty-nine years, and upon whose shoulders fell the difficult task of guiding the Company successfully through World War I, the post-war boom period, the great depression, and through the early years of World War II. His record with the Company was unbroken for forty-five years. He first became a director in 1898, on the death of his father, R. S. Gurd, whose contribution to the Company as Manager, Director, and Secretary-Treasurer played such an important part in the previous period, and from 1904 to 1907 he was Vice-President. His service to the Company was the longest of any individual in its one hundred years. He gave unstintingly of his time and energy to the affairs of the Company and his faith in the Company and the County in which he was born was never shaken, even in the darkest days of the depression. His death on July 16th, 1943, deprived the Company of a faithful and experienced executive and took away from the County an ardent native son and friend.

Col. Robert Mackenzie, nephew of Charles Mackenzie who was President of the Company from 1887 to 1902, succeeded Mr. Gurd as President of the Company. He brings to this office a wealth of experience in the affairs of the Company, having been a member of the Board of Directors for forty-one years, and having been Vice-President since 1927. His knowledge of the traditions of the Company assures that under his direction the Company will continue to have as its prime interest the prosperity of the County in which it was born.

Other well known names in the County have been connected with the Company in this period. The Honorable F. F. Pardee, member for
West Lambton and latterly Senator, was the President of The Huron & Lambton Loan & Savings Company when it was absorbed and was a Director and Vice-President from 1907 until 1924. David Milne, wholesale and retail hardware merchant of Sarnia was Director and Vice-President from 1914 to 1924. The Honourable W. J. Hanna, K.C., Provincial Secretary, was a member of the Board from 1913 to 1919. Other members of the Board were J. S. Fraser, K.C., 1923 to 1930, and B. W. Fansher, 1931 to 1941.

The present Board of Directors, like their predecessors, consists of men prominent in many fields of business and farming. Chester H. Belton, Secretary-Treasurer of Laidlaw Belton Lumber Company, Ltd., who has been a director of the Company for nineteen years, succeeded Col. Robert Mackenzie as Vice-President. A. G. Minielly of Watford has continued as a director since 1923. Albert J. Johnston, Sheriff of the County, has been a member of the Board since 1927. Howard Fraleigh of Forest, has completed twelve years as a Director, and W. H. Kenny, Sarnia businessman, has been a member of the Board since 1936. William Guthrie, a farmer and former M.P.P. for Lambton, and Harry Wilson, farmer, of Kent County, have been Directors since 1941. In these capable and experienced hands the Company faces its second century with confidence and assurance that even better things lie ahead for both the County and the Company.

Through this difficult period the Company was also fortunate in having a succession of Managers who gave unstintingly of their energy and ability to the affairs of the Company, J. H. Kittermaster from 1904 to 1921, John B. Pardee from 1921 to 1927, and J. M. Hunt from 1927 to 1939. S. A. Hyde was Acting Manager and Acting Secretary-Treasurer from 1939 to 1942, and was appointed Secretary-Treasurer in the latter year. G. C. Norsworthy was appointed Manager in September, 1942, and continues in that capacity.

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We have followed the history of Canada's oldest mortgage company through one hundred years. What of the future? Surely the answer lies largely in the history of the past.

There will be difficult times in the future, but we have seen how The Lambton Loan & Investment Company has weathered the many crises of the past one hundred years. From the beginning it has tied its fortunes to the people in the part of the country where it was born. It has learned that it can only prosper as the people of Western Ontario prosper. It has seen hundreds of ventures whose policies were based on self-interest, prosper for a while but finally pass away. It has kept faith with the people with whom it has done business. That has been the cornerstone of its success in the past. That will remain the cornerstone for its success in the future. Just as its formation one hundred years ago was a beacon of faith in the ultimate growth and prosperity of Western Ontario, so its operations today are pointed toward the same goal when Western Ontario will become the leading agricultural and industrial section of Canada.
The story of the Lambton Loan & Investment Company is that of a Company which has devoted itself to the financial problems of the citizens of Western Ontario. Many of its shareholders, debenture holders and depositors, realizing that they found a friend and financial counsellor in the Company, brought to it an increasing number of financial problems. Most of these problems were connected with executorships of estates or trusteeships under wills. So many of the directors and officers of the Company were asked to act in these capacities that it was decided to form a Trust Company, thus giving the people of Lambton and Kent Counties the benefit of the same sound and conservative management for their own affairs that had guided the "Lambton Loan" through one hundred years.

Although the formation of a trust company was discussed as early as 1916, it was not until June 28th, 1928, that The Lambton Trust Company Limited was formed. At that time The Lambton Loan & Investment Company subscribed $300,000 to the capital of the new Company.

Just as the new Company was incorporated in the interests of the citizens of Lambton and Kent Counties, so the structure of the Trust Company was designed to safeguard their interests. The Trust Company issues no debentures and takes no deposits. Thus the Company has no liabilities to the public and its entire assets therefore are behind the estates, trusts and agencies which it administers.

Since its inception, the formation of the Trust Company has been more than justified and its growth has been the result of fulfilling an increasingly important function in the financial affairs of the people of Lambton and Kent Counties. As an executor of estates, the Company has applied its experience and knowledge to the carrying out of the terms of many wills. This service it has rendered at a cost set by the court, and not exceeding the fee paid to an individual
executor. In many cases this experience and knowledge has resulted in a saving to the estate of an amount more than equal to the fee paid. In an increasing number of cases, the Company acts as a trustee, so that the widow will be free from business worries and possible avoidable financial losses, at the same time permitting her to use the capital and income for her welfare before turning of the residue to the children.

As in the case of the "Lambton Loan", The Lambton Trust Company Limited has been fortunate in attracting prominent men of Lambton and Kent Counties to its Board of Directors. Norman S. Gurd, K.C., was President until his death in July, 1943, and Col. Robert Mackenzie, Vice-President since the inception of the Company, continues as its head. Chester H. Belton, A. G. Minielly and Albert J. Johnston, directors of the "Lambton Loan", have continued on the Board of the Trust Company. R. M. E. McDiarmid, citizen of Alvinston, became a director in 1931. W. H. Kenny was added to the Board in 1937, and in 1941, Orrie Crowe of Wallaceburg, became a director. These three replaced James Smith, John Livingstone and J. S. Fraser, K.C., since deceased, who were on the original Board.

The management of the Company has continued to be connected with the "Lambton Loan". J. M. Hunt was Manager and Secretary-Treasurer until his death in 1939. At that time, S. A. Hyde was appointed Acting-Manager and Secretary-Treasurer. In November, 1942, G. C. Norsworthy was appointed Manager, and D. J. Agnew became Secretary-Treasurer and Trust Officer, positions they continue to hold.
THE LAMBTON LOAN & INVESTMENT COMPANY
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