

Mr. A. K. MACLEAN: I rather agree with the hon. member for Calgary when he says that we should make these requirements as simple as possible. In the first place, we must recognize the fact that very few companies in Canada are administered strictly according to law. Corporations in this country are very loosely administered, and it is almost impossible for it to be otherwise unless the company has the constant services of a legal advisor—

Mr. R. B. BENNETT: And a highly skilled chartered accountant.

Mr. A. K. MACLEAN: —in order to see that the requirements of the law are complied with. In England some men make a profession of acting as secretary to companies. One man will be secretary to twenty or a hundred, or, perhaps, two hundred companies. He gets accustomed to the legal requirements and carries the companies through all their troubles. The difficulty in Canada is that our minor corporations, not the larger ones, do not pretend to comply strictly with the law. I think the simpler we make this the better. The majority of companies incorporated under this Act could not understand subsection 105 if the directors and officers were all laymen. I like the idea of the section, but I think it would be better, at the beginning, to make it quite simple and let it grow up. I think the objection of the hon. member for Calgary to sections (j) and (k) is substantial. We should not require a company to continue year after year to include in their statement the fact that at the inception of their business so many shares were issued against services, or against property. If that is done once I think it should be sufficient.

Mr. MEIGHEN: I am prepared to accept that suggestion. I wish to make clear that this is no attempt on the part of the State Department to pry into the affairs of companies. On the contrary, the officials of the department would be very glad to be relieved of this duty. The Senate, however, insists very strongly on these two clauses remaining exactly as they are. I beg to move:

That at the end of paragraphs (j) and (k) there be added the words "since the last annual meeting."

Mr. A. K. MACLEAN: I think that is the way it is in the English Act.

Mr. R. B. BENNETT: Yes. I did not mean that the State Department was being unnecessarily given to inquiries, but only

[Mr. R. B. Bennett.]

that that would be the proper designation, this should not be kept on for years. It was not a personal application to any individual.

Mr. MORPHY: I would like the Secretary of State to distinguish the words "classes and assets and liabilities" in subsection 3. Here it is put cumulatively but it seems to me that it would be more intelligent if the word "and" were changed to "of."

Mr. R. B. BENNETT: That should be "of."

Mr. MEIGHEN: I think it should be "or."

Mr. A. K. MACLEAN: Does the Secretary of State propose providing these forms which will be for sale?

Mr. MEIGHEN: I would presume so. The forms which we purpose providing for under section 105 are for the purpose of affording information not to the department but to the shareholders, and doubtless they would do that themselves.

Mr. A. K. MACLEAN: Is there any penalty in connection with section 105?

Mr. MEIGHEN: No.

Mr. CARVELL: Section 113 provides a penalty.

Mr. MACDONALD: What happens supposing the balance sheet is not presented?

Mr. R. B. BENNETT: There is a provision by which the charter is lost if they do not do certain things within a certain number of years.

Mr. MEIGHEN: Inasmuch as these provisions are obligatory on the company, a shareholder can take proceedings to enforce their observance. I would direct the attention of the committee to section 113 which provides that:

Every one who, being a director, manager or officer of a company, or acting on its behalf, commits any act contrary to the provisions of this Act, or fails or neglects to comply with any such provision, shall, if no penalty for such act, failure or neglect is expressly provided by this Act, be liable, on summary conviction, to a penalty of not more than one thousand dollars, or to imprisonment for not more than one year, or to both such penalty and imprisonment.

Mr. A. K. MACLEAN: Where does that section hail from? Is it made in Ottawa?

Mr. MEIGHEN: It has no parentage at all; it is new.

Mr. A. K. MACLEAN: I think that is a pretty dangerous provision.