

—which allows the personality of this company to continue, is contained in the Bonanza Creek case. In that case, which is to be found in (1916) 1 Appeal Cases, at page 566, Viscount Haldane said:

The company—

Like this company.

—has the capacity of a natural person to acquire powers and rights.

I mention the citation because I think it completes the record in so far as the legal problem is concerned.

Honourable senators, that, in a very tedious and lengthy way, is the general explanation of what is proposed to be done by this measure.

May I now discuss in detail, but not at length, the position of The Rio de Janeiro Tramway, Light and Power Company, Limited. This company is a Canadian letters patent company. It did not originally have power to operate tramways, but in 1904 it came to Parliament for special permission to do so, and to change its name to include the word "tramway". The authorized capital of the company is \$50 million, divided into 500,000 shares of a par value of \$10 each: 450,000 of these shares are issued, and 99.99 per cent of the issued shares are owned by Brazilian Traction, Light and Power. The company has a debenture debt of something over \$84 million, and all of that debt is held by Brazilian Traction as well. The company generates and distributes electrical power in Rio and in the Federal District, and it manufactures and distributes gas through a subsidiary. The assets of the company in Brazil are said to be worth \$350 million. What is proposed by this measure is that the special legislation which was passed by Parliament in 1904 and 1906, authorizing it to change its name to include the word "Tramway" and to get permission to operate tramways or railways, is to be repealed, but the name which was given by that legislation is to remain in existence.

The second provision of the measure is this. The company is empowered or authorized to change the place of its head office from Toronto to a place in Brazil, provided a by-law to accomplish that purpose is passed unanimously by the votes cast at a special meeting of the shareholders of the company, where not less than 99 per cent of the outstanding shares must be represented. Upon the issue of a decree granting Brazilian nationality in Brazil, the company shall no longer be governed by provisions of the Canadian Companies Act. Finally, that decree must be filed with the Companies Branch of the Department of the Secretary of State. Then, so far as Canadian law is concerned, the company will no longer be subject to it. I understand that the officials

in the Department of the Secretary of State do not object to the proposal; they have approved it before, and it has worked. So we are doing something on this occasion for which there is a good precedent. That is the explanation of the first measure.

Hon. Mr. Baird: What about the Canadian shareholders? Will they lose all their Canadian rights and privileges through this transfer to Sao Paulo or elsewhere in Brazil?

Hon. Mr. Reid: If these bills are passed, will these companies have any connection with or any rights in Canada? Is everything, including the head office, to be moved to Brazil and will these companies still retain some rights under our laws? If so I for one would be inclined to object. If they move their head office and the whole works, let them go, and may blessings attend them, but if their action is the result of changes in Brazilian law I do not see why we should continue to accord them the rights they have had here hitherto.

Hon. Mr. Roebuck: I have two questions. I see it is stated in these bills that all the assets of these companies are located in Brazil. Surely, if there is a head office here, some assets must remain in Canada: one can hardly run a head office without, at least, pens and ink. Is not the statement that all the assets are located in Brazil rather too sweeping? Next, since the head office of these companies is located in Canada, have they been paying taxes, either municipal, provincial or dominion? If the head office is transferred, and the answer to my first question is, "Yes, they have paid taxes," will the transfer of the head office result in any change in the tax situation? Perhaps, if there is no tax, there is no change, but I would like to know.

Hon. Mr. Brunt: Has any request been made by the Brazilian Government to have the head office moved from Canada to Brazil?

Hon. Mr. Connolly (Ottawa West): If there are no more questions I will do what I can now to answer those already asked. I must say, however, that I would prefer if some of these questions were asked of officials in committee. May I deal with these questions in the reverse order in which they were asked? Dealing first with the question asked by the honourable senator from Hanover (Hon. Mr. Brunt), I understand that the proposal to make this rule originates with the parent company, Brazilian Traction, and I understand it is not as a direct request from the Brazilian Government. I should add that there is a provision in the Brazilian law whereby a foreign company can be nationalized, and I think there is a rather open invitation, pressing or not, for foreign