

Mr. MEIGHEN: It is not impossible that between the second and third annual reports of the company shares might have been sold for just such a consideration as is stated in the clause. One of

10 p.m. the objects of the amendments to the British and Ontario Acts which we endeavoured to embody in our Companies Act by this Bill is to provide for full disclosure and publicity with regard to all shares allotted for services rendered, for the purchase of assets and so on, in order that every one connected with the company may know where the shares of the company are going and what they are going for.

Mr. R. B. BENNETT: That is right, too.

Mr. MEIGHEN: It is not impossible that between the second and third annual report of the company there should be shares allotted for services rendered.

Mr. R. B. BENNETT: The directors could not do that.

Mr. MEIGHEN: I have seen it done.

Mr. R. B. BENNETT: Under the Dominion Act, I would not like to see it done.

Mr. MEIGHEN: I have understood it to be the law that it could be done.

Mr. R. B. BENNETT: Not unless it is approved by the shareholders.

Mr. A. K. MACLEAN: In what province did the minister see it done?

Mr. MEIGHEN: In Manitoba.

Mr. A. K. MACLEAN: It would be a very risky thing to do.

Mr. MEIGHEN: It is evidently the opinion of the framers of this measure that it can be done, because this clause applies to companies already formed.

Mr. R. B. BENNETT: That is the real objection to it.

Mr. MEIGHEN: Why should not a company already formed be compelled to make disclosure of these facts?

Mr. R. B. BENNETT. This is what I call the impertinent side of the inquiries of departments. A company is launched, shares are sold and have been in the hands of the public for ten years. Now because a very well-deserving department desire to pry into the way in which a company has carried on its business since its inception, they make a provision that a class of men who may know nothing about the matter must dig into the past history of the company in order to supply the department with the infor-

[Mr. R. B. Bennett.]

mation. What purpose does that serve? I have in mind a company about which there was much controversy and difficulty. The directors are asked to lay before the department a statement covering matters that occurred seven, eight, nine or ten years ago, and some of the books may not be in order as they once were. I saw a report of one of the biggest firms in Canada saying: We have no longer the custody of the books, and we cannot give this information. If it is determined that all this information must be given—and to that I see no objection—provision should be made that the information is to be given as from the date of the last report. Is this department suddenly seized with such a zeal for the public interest that, after letting ten years go by without any such legislation to prevent this being done, it is now going back ten years in order to find out what was done?

Mr. MEIGHEN: This is for the shareholders and not for the public.

Mr. R. B. BENNETT: It has to be communicated to the shareholders in so far as they desire, and under such conditions that means the widest publicity. We need not mention names, but there is a company that has been the subject matter of much discussion in this Parliament, so that we know what we are speaking about. Information is requested as to the issue of common shares and securities. These are matters long since forgotten. Why in 1917, should the department be zealous to have this information disclosed in a report when it was all known when the company was incorporated? If you say "since the date of the last annual report" I am in entire accord with what the minister says, as this makes a new departure.

Mr. MEIGHEN: If that is added to clause (j), it should also be added to clause (k).

Mr. R. B. BENNETT: Certainly.

Mr. CARVELL: In regard to clause (j), my hon. friend speaks of the small companies with \$100,000 capital. There is not much stock given away in promoting a company of that kind, because that is usually a partnership of a few people who organize themselves into a company. I do not think there will be more than one case in a hundred where any hardship will be worked. I do not see any reason why you should not give the amount of the preferred shares and all the other information.