

will be at liberty to announce it either through the press or to their shareholders. If it is announced by circular to the shareholders, that is sufficient.

Right Hon. Sir GEORGE E. FOSTER: My honourable friend hardly gets my idea. If a circular goes to the shareholders, the circulation will be just as wide as the shareholders; but if the press option is chosen, to what extent must it be advertised? The advertisement might consist of a line or two in some obscure paper, but that would not carry out the object of my honourable friend.

Hon. Mr. BEIQUE: Of course, it must have the same circulation as the announcement of the dividend.

Hon. Mr. McLENNAN: It would be attached to the dividend notice.

Hon. Mr. BEIQUE: I therefore move that the report be not now concurred in but that it be referred to the Committee of the Whole House for the purpose of adding to clause 21 of the Bill the proviso I have suggested.

Hon. Mr. BARNARD: I see that section 21 as it appears in the Bill itself refers to a mining company or any other companies whose assets are of a wasting character.

Hon. Mr. BEIQUE: That is amended.

Hon. Mr. BARNARD: I was going to ask the reason why. Take, for instance, a company which is formed solely for the purpose of dealing in lands, and whose profits are constituted from the sale of lands—a company with wasting assets; it is surely not the intention to prevent such a company declaring dividends out of its capital, or out of its receipts, which are receipts of capital.

Hon. Mr. BELCOURT: The amendment proposed by my honourable friend will be of some value provided a time is fixed when the announcement is to be made. I understand that what my honourable friend wants to accomplish is to inform the shareholders in time so that they may take proceedings to prevent the payment of the dividend.

Hon. Mr. BEIQUE: No. It is to protect the public. I am afraid that this section will be used for the purpose of unduly raising the market value of shares, and that after the dividend has been distributed the shares will be worth nothing in the hands of the purchasers. It is to prevent fraud of that kind.

Hon. Mr. TURRIFF: It seems to me that this legislation is uncalled for and in advisable. It will put it into the power of a board of directors more or less to fob the public if

they want to; it will facilitate their doing so; it will legalize it; and will put them in a position in which, as my honourable friend from De Salaberry has said, they can pay out the money from the treasury in dividends, with the result that the stock probably will rise in value.

Right Hon. Sir GEORGE E. FOSTER: They might sell that stock.

Hon. Mr. TURRIFF: Big holders will sell out their stock to the general public, who will find that the mine is played out and the cash in the treasury dissipated, and they will get little or nothing for their shares.

The amendment of the honourable gentleman from De Salaberry (Hon. Mr. Béique) is along the right line; but I do not think it will accomplish anything in its present shape, because when the company sends a notice to every share holder, what is to prevent it mailing those notices in such a way that the shareholders will never get them? The Bill does not provide for the notices being registered or anything of that kind. It also gives another option—that of putting a notice in the newspapers. As my honourable friend from Ottawa (Right Hon. Sir George E. Foster) has pointed out, that newspaper may be some little backwoods paper that not one shareholder in a hundred will see.

So that if this amendment is to have any effect at all it must be changed. To my mind the whole thing is wrong; we are making it easy for a Board of Directors who wish to be crooked to carry out their designs on the general public.

Hon. Mr. McLENNAN: It will go about as far as we can go in warning the shareholders. The terms as to notice in a paper might have to be further defined, but the proper plan for it would be in a notice of dividend.

Hon. Mr. BELCOURT: Would my honourable friend add to his suggestion that this notice shall be given say two weeks in advance or whatever time may be required to enable anyone who wished to object to it, or even take legal proceedings, before the dividend was actually paid.

Hon. Mr. McLENNAN: The learned member who drew the amendment is more competent to do that, and the dividend notice is always given two or three weeks before the dividend is paid.

Hon. Mr. GORDON: Is the intention to pay a dividend to shareholders really out of capital?