

thermore, owing to the fact that lands will be held in different counties, and, consequently, the registration will be at different land titles offices or registration offices in the different court houses, very considerable difficulty is entailed in locating and collecting the various mortgages.

Mr. CARVELL: In the Maritime Provinces, where we have not the same registration system as they have in the West, we have to record those mortgages in full in, perhaps, half a dozen registry offices, and it is a great expense.

Mr. MEIGHEN: It is a very cumbersome proceeding. This Bill provides that Dominion companies must file all mortgages with the Secretary of State, where a record shall be kept of all encumbrances against all companies incorporated by Dominion charter.

Mr. CARVELL: Is that the only registration necessary?

Mr. MEIGHEN: No, it seems to me we would not have power to make that the only registration. The provincial law would still compel registration as before, but this is additional to the other registration. Section 69 L reads:

"69L. The provisions of this Act respecting the registration of mortgages, charges or other securities shall be in addition to and not in substitution for the provisions of any statute of any province of Canada or of any foreign country in respect thereto."

The next principle covered by the amendments contained in the Bill is that of investigation and audit. There has been a difficulty in connection with getting investigations. If I remember correctly, under the law as it now stands, one-quarter of the shareholders may apply to a court for an investigation into the affairs of the company. For the most part, that provision has been a dead letter, and it has been felt that an easier and more readily available method should be provided. This Bill provides that the Secretary of State, upon representation from such number of the shareholders as, in his opinion, may in a special case warrant his doing so, may cause investigation to be held. This provision will tend to much greater care on the part of companies and much greater likelihood of use by a majority of directors of the power vested in them. If my memory serves me correctly, there is a similar provision in the Bank Act.

Mr. CARVELL: In section 11 of the Bill, section 92 of the amended Act is made to read as follows:

[Mr. Meighen.]

(1) The Secretary of State of Canada may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the Secretary of State of Canada may direct—

(i) In the case of any company having a share capital, on the application of shareholders holding a proportion of the issued stock of the company warranting the application.

Mr. MEIGHEN: I am proposing an amendment there.

Mr. CARVELL: Where there is no share capital, that provision seems to be reasonable.

Mr. MEIGHEN: As the law now stands there is no provision for compelling a company to audit its accounts. Every respectable company, of course, does not audit its accounts—annually, I think. The provinces have such provisions; I think the United Kingdom has such a provision. It is clearly interest that companies incorporated under Dominion statute shall be compelled to audit. Furthermore, there is a provision in the Bill for protection against change of auditors without due notice.

Mr. A. K. MACLEAN: Why a provision against the change of auditors without notice?

Mr. MEIGHEN: The provision is that before a change of auditors can be made, there is to be notice of the shareholders' meeting.

Mr. A. K. MACLEAN: They are selected at the annual meeting anyway, are they not?

Mr. MEIGHEN: They may be. The Bill also provides for annual returns to the Secretary of State—not annual returns of shareholders, because that would entail a tremendous obligation on many companies and be of very little value. Furthermore, such a provision could be easily contravened by the holding of shares in trust, and the like. It is eminently a Bill for the House in Committee; I think we might now take it up clause by clause.

Mr. A. K. MACLEAN: The Bill is quite an important one. The Secretary of State says that it is eminently a Bill for the House in Committee; I think I may qualify that by saying that it is eminently a Bill to be first considered by a committee of the House. It is difficult to follow this Bill in its entirety without giving some study to it first. I suppose it is almost too late now to appoint a special Committee to go through it. I should like very much to see the Bill become law.