sides of the House," and in addition deemed by their fellow members in general to be specially adapted for the duty entrusted to them.

The Attorney-General and Mr. Helmcken represented skilled legal opinion. Mr. R. P. Rithet, as one of the shrewdest and most successful business men of British Columbia stood for the capitalist and commercial element of the community Mr. Cotton represented wide English and Western-Canadian business experience, including journalistic training, and also brought to bear upon the investigation knowledge of Western-American mining law requirements, as exemplified in the course of residence and business life for several years in the solid, silver-yielding State of Colorado. Mr. Sword finally stood, by general consent of the House, for a man of shrewd and sturdy common-sense, and a member noted for keenness in detecting statutory flaws and omissions.

It was unlikely that such a committee would wholly fail in an endeavor to remedy notorious defects in a system of company laws, which was, before the passing of amending legislation on their report, extremely lax, by reason chiefly of the omission of safeguards found necessary or desirable in other commercial and industrial communities of Great and Greater Britain.

The members of the special committee naturally took for their chief model the Joint Stock Company laws of the United Kingdom, as codified and recently amended, knowing that these, although by no means free from inherent defects, and in some details inapplicable to the conditions of industrial life in a new western land, had fairly stood the test and served the purposes of the foremost commercial nation of the world—a nation, moreover, noted for the number and variety of its mining companies, organized for operating mineral claims of all kinds at home and abroad.

It will, therefore, be found that the new company law system of British Columbia largely follows the line of like British legislation, whilst it will be found also, that in the main provisions which relate to mining organizations, much care and attention have been paid to adapting the general rules of British company law to the peculiar circumstances, and special, and in some cases traditional, usages of western mining incorporations. The new company law thus formulated can, and doubtless will, be amended from time to time, as practical experience may direct, in many details, but it will on examination be found that the points in it whereof its critics most complain are specially designed to remedy abuses widely prevalent under the former system. The remedy has, moreover, in several instances already proved equal to its occasion, and abated the evil attacked.

A company can be formed in British Columbia by the signature of a memorandum, or memorandum and articles of association, by five persons, instead of seven as in England, on payment of registration fees and filing of the usual particulars under joint stock company systems. The registration fees have been raised, and of their amount many complaints are made, but the fees, which are *ad valorem*, have been adopted with a view to prevent notorious abuses which grew up under a custom of nominal over capitalisation of mining companies, issuing stock at a huge discount as "fully paid and non-assessable." Companies thus formed in many cases deceived unwary small investors into an unfounded belief that they were getting quite exceptional value for their money, whilst in reality such companies were but too often organized under conditions absolutely fatal to the success of the mine venture, and profitable only to promoters, brokers, printers and others, concerned in flotation.

To prevent such deceptive and unreal over capitalisation, a fee of $25 is charged for the registration of a company with capital not exceeding $10,000. On each $5,000 of further nominal capital up to a total company's capitalisation of $25,000, a further fee of $5 for each $5,000 of capital is charged; and on further capitalisation between the first $25,000 and $500,000 in all, $2.50 for each $5,000 of nominal capital; whilst for every $5,000 after the first $500,000 of authorized company capital, a registration fee of $1.25 is charged.

The object of this provision—which object has been achieved almost completely—is to prevent the continuance of a system of forming mining companies, nominally capitalized in a big sum of $1,000,000 or upwards, whatever the inherent value of the claim or claims sought to be worked, and whatever the actual capital needs of the venture Nearly 1,000 such companies were hurriedly formed in British Columbia during the recent mining boom, of which companies hardly one in ten has got effectively to work, whilst more than half either died still-born or failed even to secure enough capital to pay printing, registering and preliminary office expenses The usual *modus operandi* was to form a company in a million dollars, and then offer stock as fully paid at from two to five cents on the dollar, subject often to a deduction of from 20 to 33 per cent. for broker's commission, and to other large office and advertising expenses. In a number of cases the net amount thus realized was not more than from $5,000 to $10,000, on either of which sums it is usually impossible to develop a British Columbia precious metal claim or group of claims. These on an average require the expenditure of at least $25,000 of capital, and in many cases of $50,000 and upwards, ere the properties begin even to ship, although there are instances, especially in the Slocan, where in consequence of mines paying from the grass roots, a very modest expenditure of money or money's worth in labor suffices. Poor people here and in Eastern Canada were tempted to believe that in the case of such "million dollar" companies they were getting a real dollar's worth of stock for two to five cents, instead of which they were in most instances paying for worthless scrip, since on stock issued at such enormous discounts there was too often realized, as already stated, a sum insufficient even to make a beginning of development. The *ad valorem* registration fees of the new Act have knocked on the head most projects for the future formation of such gull-catching mine companies, and caused most undertakings that are now registered to be issued with a moderate but sufficient authorized capitalisation, and with stock that is not issued at such a big discount, as discount altogether the undertaking's chance of success. A mining company in British Columbia is now usually issued at a capitalisation nearer $100,000 than $1,000,000, and the two and five cent on the dollar stocks have given place to more reasonably issued stocks, for which from 20 to 50 cents on the dollar are usually asked, and from which, after deducting necessary commissions and other expenses, a sufficient sum can be derived to give the company, if honestly organized and properly worked, a fair chance of making something of its properties. Thus the somewhat high *ad valorem* fees of British Columbia company registration at the present have contributed fairly to provincial revenue, and also remedied a gross abuse, seeming detrimental to the poor and unskilled small investor. They have nevertheless been freely denounced, but for the most part by American and other would-be promoters of wild-cat, catch-penny ventures, either altogether illegitimate or nearly so.

Having regard to the fact that much mischief had been done by the issue of stock at a large discount, yet declared "fully paid and non-assessable," the select committee which prepared the Act had many doubts whether it should legitimise in any form the practice of issuing shares, deemed to be fully paid at any discount of their face value. It was, however, ultimately decided, in view of the generality of the practice in Western Canada and the Western States, to permit companies thus to issue discounted stock. Safeguards are, however, provided by the Act, against the deceptions of creditors and others by such issues, when either made by provincial or extra-provincial com-