

The CHAIRMAN: The bill provides for the subdivision of the shares into \$1 shares. The reasons given to us last year are, I suppose, still valid, that they wish to have a wider distribution of the stock and make it available for smaller investors to get shares in the company.

Senator CROLL: In order to avoid possible criticism—and this bill has come under some attack in the other place—and as there may have been some new members added to this committee, we should at least have a preliminary statement setting it forth, for the purposes of the record.

The CHAIRMAN: That is right.

Senator CROLL: It would mean that we do not automatically pass the bill just because we passed it last session.

Mr. BURGESS: Members of the Senate, as the Chairman has already stated, this bill is in terms identical to those of a similar bill which was before this committee and which was passed by the Senate last session. That bill was S-42 of that session. As I have said the text of the bill is identical. As shown by the explanatory notes the purpose of the bill is to subdivide each of the 40 million authorized shares of capital stock of the company of a par value of \$5 into five shares of a par value of \$1. I don't think I need to mention that were it not for the fact that the applicant is a special act company, the procedure of applying to Parliament would not be necessary. It is an ordinary stock split, which in the case of an ordinary company would be done by application to the Secretary of State.

The form of the bill has been approved by the staff of the Senate, and you have heard our Law Counsel's report on that. I would like to emphasize that the bill, if enacted, will not increase the total authorization of authorized capital of the company beyond the fixed \$200 million. As I have stated, it will merely subdivide the present 40 million shares at \$5 into 200 million shares at a par value of \$1.

So that the committee will have some idea of the company, its purpose and its business, I should like to briefly review the history of the company. I believe you are all aware that it was incorporated by a special Act of Parliament in 1949.

Senator CROLL: Would you mind taking a few minutes to answer some of the criticisms made in the other place about this bill. Could you give us the background of the criticism?

Mr. BURGESS: I would be very happy to read from the record.

Senator McCUTCHEON: Surely we don't need to be treated to uninformed criticism here.

Senator CROLL: Perhaps it is not uninformed.

Mr. BURGESS: I would be very happy to quote from the record.

Senator CROLL: I would certainly be pleased to have you deal with the criticism.

Mr. BURGESS: Without taking a great deal of time of the committee, it is going to be a little difficult.

Senator WILLIS: Who were the critics?

Mr. BURGESS: Mr. Prittie, Mr. Howard and Dr. Kindt. This is on third reading.

The CHAIRMAN: What was the basis of their criticism?

Mr. BURGESS: It is that there was something very—I think I can say—dishonest about subdividing company stock, and then through the agency of a manipulator pushing this subdivided stock on the market, the present stockholders being able to unload and make a fortune. Perhaps if I read some of Dr. Kindt's remarks on third reading that might be of some help. If the committee