

CANADIAN LOAN AND INVESTMENT COMPANIES

Doing Business in Scotland Have Won Important Suit —Status of Agents Seeking Loans Overseas.

By a decision just delivered in the First Division of the Edinburgh Court of Session the Canadian finance companies seeking to do business in Scotland have won on an important point arising out of the Companies (Consolidation) Act, 1908. The companies immediately affected were the Huron and Erie Loan and Savings Company, of London, Ont., the Landed Banking and Loan Company, of Hamilton, Ont., the Dominion Savings and Investment Society, of London, Ont., and the Ontario Loan and Debenture Company, also of London, Ont., but in fact, the judgment of the Court affects every company already doing business north of the Tweed, and also all those which may hereafter seek to find a footing in the country. The companies in question had appointed agents to canvass for loans on their behalf, and these agents issued prospectuses which stated that the companies were prepared to issue debentures on certain terms, and named the banks to which purchase moneys might be paid.

Said to be Under Act.

On behalf of the Board of Trade it was contended that the course of business followed by the companies brought them under section 274 of the Act named, a section which lays down that "every company incorporated outside the United Kingdom which establishes a place of business within the United Kingdom shall within one month from the establishment of the place of business file with the Registrar of Companies a certified copy of the charter, statutes or memorandum and articles of association; a list of directors; and the names and addresses of persons resident in the United Kingdom authorized to accept on behalf of the company service of process and any notices required to be served on the company." Further, the section provides that every company to which it applies shall every year file with the Registrar such a statement in the form of a balance sheet as would, if it were a company formed and registered under the Act and having a share capital, be required under the Act to be included in the annual summary; and if any company to which the section applies fails to comply with its requirements, the company and every officer or agent of the company, shall be liable to a fine not exceeding £50, or, in case of a continuing offence, £5 for every day during which the default continues.

What the Judge Said.

The point at issue was whether the companies had brought themselves within the section, and the Court unanimously decided the question in the negative. The Lord President declared that the real issue was whether the companies had established a place of business in the United Kingdom by appointing agents and issuing prospectuses inviting loans. He was clearly of the opinion they had not done so. The cases cited did not help them, as the words of the statute were alone to be considered. The phrase "carrying on business" occurring in various income tax cases was one thing, but "establishing a place of business" was another. If the Legislature had meant that the section was to apply to every foreign or Colonial company carrying on business in the United Kingdom it would have been perfectly easy to have said so. His lordship was therefore driven to the conclusion that when Parliament selected the phrase "establishes a place of business" it meant something different from "carrying on business." The latter expression was so wide that it would touch all persons having business in this country—a result, he said, from which the Legislature might well have recoiled. The expression in the section seemed, to his mind, to definitely indicate that a company must, to come within it, have what might be called a local habitation here.

Was Done in Canada.

These Canadian finance companies did carry on business here in seeking loans and doing the other acts already enumerated, but everything in the way of making the contract itself—that is to say, preparing and issuing the debentures—was done by the companies at their own domicile in Canada. None of the companies owned any office in the United Kingdom, paid rent for the use of any premises, or had salaried representatives here, the agents being entirely paid by way of commission on the amount of debentures placed. The Court could not therefore hold that places of business had been established in this country, and the case was dismissed and costs granted to the companies. Having regard to the far-reaching importance of the decision, says the Canadian Gazette, it is not improbable that the Board of Trade will carry the case further; but, at all events, the companies have won the first round of the contest.

Messrs. Peter R. Jack & Company have opened offices in Prince Albert, Sask., to transact a general financial real estate, loan investment and insurance business, and would like to hear from institutions desirous of appointing agencies along these lines.

CANADA'S NEW BANK.

Mr. Rodolphe Forget Answers Some of His Critics— Objections to Name.

Since the Banking and Commerce Committee favorably reported the bill incorporating La Banque du Canada, Mr. Forget has again answered his critics. He characterizes as absurd and childish, unwarranted and unfair, some of the statements that are being made respecting his institution and thinks that they would not be countenanced by any of our bankers. "Some people go so far," he says, "as to ask if it is realized what the consequences would be to the Dominion of 'the failure of La Banque du Canada,' thus insinuating that there is a possibility of the failure of our bank. That is certainly a most uncalled-for insinuation, at a time when our bank has not even opened for business and is only in the initial stages of organization. The same statement, made in regard to any new enterprises, would be equally unwarranted.

Capital all Subscribed.

"As far as our bank is concerned, those who are imagining the possibility of such a contingency, and the public in general, need have no fear on that score. The \$10,000,000 capital for the bank has all been subscribed, and those behind it include some of the strongest and most prominent capitalists in France. Such men are not the kind to give their financial support and the prestige of their names to a banking enterprise in which there would be any likelihood of failure. They are perfectly familiar with the resources of our Dominion and with the great field for commercial and financial expansion that exists here, and they realize that a banking institution, conducted on the sound lines on which it is proposed to conduct this bank, it bound to succeed, and be not only an advantage to the Dominion, but also a source of profit to its shareholders.

Backed by Responsible Capitalists.

"There is no fear whatever of failure, but the objection raised to the name on that score is trivial. It might as well be said that the credit of Canada would be jeopardized by anything happening to existing Canadian banks that bear the distinctive names of the Dominion, the provinces or cities, as some of our leading banks do. It would be nothing short of criminal to even intimate that there was a possibility of anything untoward happening in connection with such sound and ably managed institutions as those banks are. It is equally unwarranted and unfair to intimate that our new bank, which as I have said has behind it some of the strongest and most respected and responsible capitalists both in France and Canada, is the kind of a project to fail, and that therefore to give it the name of La Banque du Canada would be a grave danger to the Dominion.

Objections to Name.

"If some people are opposed to us having that name, which we chose simply because we propose that our bank shall be thoroughly Canadian and do all it can for the commercial and financial advancement of the Dominion, well and good. I do not object to frank and honest opposition, but the attempt being made in some quarters to cast discredit on the enterprise, when it is only in its initial stages, is quite another matter. Time will show how idle such an attempt is. When the charter is obtained, the organization of the bank will at once be proceeded with and there is the brightest and most prosperous future before it."

"What about another big bank being started with the support of French capital, as is reported?"

"I know nothing of that," said Mr. Forget. "But I hope it is true. With the marvellous progress and expansion that there is before the Dominion there will be plenty of room for all the banks and all that such enterprises ask for is a fair field."

The new bank will have nine directors, five in Montreal and four representing European interests.

The sagacity of a French poodle saved the Rev. E. Krasicki, of Winnipeg, from being burned to death. The animal dragged the bedclothes from off the bed and Mr. Krasicki had scarcely time to escape from the burning building.

Another edition of Mr. Frank Yeigh's "Five Thousand Facts About Canada" has been published. This useful booklet has frequently been reviewed in these columns and is well known to our readers. Its seventy pages contain facts and figures respecting Canadian agriculture, finance, immigration, insurance, transportation, trade and natural resources. Space is also devoted to individual provinces, while there are special sections, such as "Big Things in Canada," "First Things in Canada," and "Canada's Far-Flung Area." The book is indispensable to the business man, and should also find a large sale in Great Britain where there is so much interest being shown in this country. —Five Thousand Facts About Canada. By Frank Yeigh. The Canadian Facts Publishing Company, 667 Spadina Ave., Toronto. Price, 25 cents.