

to attempt the introduction of legislation of this kind. In 1919 a Bill was introduced in the Ontario Legislature, but it was killed, chiefly by the mining interests who believed that their ability to obtain capital was thereby threatened. Previous to this, in 1914, a Bill was introduced in the Nova Scotia Legislature. This also met with a violent death. The Province of Manitoba, in 1912, enacted a regulatory law. This was followed by Alberta in 1916 and Saskatchewan in 1920. Other than the above there is no such law in the Dominion.

At the present time there are two general types of this legislation. The first is commonly known as a Fraud Act, which is in force only in three States, viz., New York, New Jersey, and Maryland. The second type is a regulatory law which, with modifications, is in force in some forty States and the three Provinces of Canada above mentioned. The most comprehensive Act of this class is probably that of Illinois. The Commonwealth of Massachusetts has an Act which is a combination of the Fraud and Regulatory types.

Under a Fraud Act, if it appears to the Attorney-General that any person is employing any device to defraud, and he believes it to be in the public interest that an investigation be made, he may require such person to file with him a statement as to all the facts. Then he may either issue an order requiring the guilty party to desist from his fraudulent practice or may bring an action to enjoin him. The objection to this type is that complaints are seldom made to the Attorney General until the security has been sold and the purchaser has grown suspicious of his holding. It is usually then too late to take effective action, as the sale has been completed and the promoter has left the jurisdiction. To use the words of the Governor of Maryland—one of the States where a Fraud Act is in force—it is a case of “locking the stable after the horse has been stolen.” The time to prevent the fraudulent promotion of companies and the sale of worthless securities is at the inception of the enterprise. Prevention is not effected by legislation which merely punishes the wrong-doer after he has pocketed his ill-gotten gains and departed for green fields and pastures new.

It will be said that the Criminal Code provides for cases of