

a prospectus issued with provisional directors, and you preclude their appointment, except under certain conditions. What is the genesis of that proposal? I should think there would be no necessity for it.

Mr. R. B. BENNETT: Yes, men's names have appeared upon prospectuses when these men were not really directors, and this is to obviate the possibility of any difficulty of that kind. The consent must be filed in the minister's office.

Mr. MACDONALD: This does not appear to be taken from the English Act.

Mr. MEIGHEN: Yes, it is the Imperial Act.

Mr. CARVELL: Does this change the method, so common in many portions of Canada at the present time, of organizing a company out of the stenographers in an office?

Mr. MEIGHEN: That is the purpose of this section, combined with the former section.

Mr. CARVELL: That is what I thought, and I think the provision is very salutary one. I think it is a mistake to allow people to form joint stock companies with purely fictitious directors.

Mr. A. K. MACLEAN: That is not the reason of this section.

Mr. CARVELL: I think any body of men forming a joint stock company and receiving the legal right to become an entity should come out in the open; the people would know who they are.

Mr. MEIGHEN: This section follows on to be consistent with the previous section which prevents the well known practice of forming companies out of stenographers, or stool-pigeons of one kind or other, and then holding out to the country in the prospectus, that some eminent man is to be director.

Mr. CARVELL: That is it.

Mr. MEIGHEN: Unless he is named in the first place, and his consent filed, that cannot be done.

Mr. A. K. MACLEAN: Under the English Companies Act, you can incorporate with the office clerks, but they have provisional directors only, and the Act makes provision for that. We have no such provision. I do not see how it would prevent the arrangement which the hon. gentleman from Carleton hoped it would prevent.

Mr. R. B. BENNETT: Yes, it will.

[Mr. Macdonald.]

Mr. CARVELL: Take this in connection with the previous section.

Mr. MACDONALD: To what section does the hon. gentleman refer?

Mr. MEIGHEN: On page 6, section 43, 43A, 43B, 43C, 43D.

Mr. A. K. MACLEAN: That is only when you propose issuing a prospectus.

Mr. MEIGHEN: The hon. gentleman suggests it may be done when there is no prospectus issued?

Mr. A. K. MACLEAN: Yes, it would be a good provision to enact that, before any person can be named as director in a prospectus, his name must be filed, but I do not see how it would prevent the organization of a company with a provisional board of directors by the use of office hands, and I do not know that it is desirable to prevent that. That is not the object of the section.

Mr. MEIGHEN: If the office hands have the stock, and there is no appeal to the public by prospectus, nobody requires to be protected.

Mr. CARVELL: There is no objection if there is no prospectus issued to the public. I think this is a proper section, coupled with section 43B, because the damage is not done by the ordinary small business corporation that is being created and which is not issuing a prospectus, but by the flotation of the big companies which start out with flaming headlines. I think these provisions are all right.

Mr. MEIGHEN: I move that after the word "prospectus" in line 10 section 10, the words "or in any notice in lieu of prospectus" be added.

Mr. A. K. MACLEAN: Where did subsection 2 of section 10 come from? Is it original?

Mr. MEIGHEN: It is out of the English Act. In fact the whole section is practically word for word with the English Act.

Mr. MACDONALD: The result of these combined sections is that the practice of a solicitor putting his stenographers in as provisional applicants is done away with.

Mr. MEIGHEN: This provision prevents a company from offering for sale shares, debentures, or bonds, while pretending to the public that certain parties are directors when as a matter of fact they are not bona fide directors. It does not go so far as to say that a company may not be composed