

sible, to supply on request as complete information as the records of the company can furnish with respect to capitalization and the manner in which it has been dealt with. But it seems unfair to parties residing at a great distance from Ottawa to subject them to the delays involved in this system. I am not saying that matters that arise will not be dealt with, but I have some doubt about the question of expedition. For instance, shareholders in Vancouver, who desire to reduce the capital of their company, for reasons that may be best known to themselves, will have considerable labour before they succeed in having a request ultimately disposed of. But if the matters were dealt with by the courts certain notices would be given and the case would come before the judge. Then the filing of the order here would give the Secretary of State all the information. The rights of the creditors would be adequately protected by notices given and by the judicial determination of the matter. But I am not going to urge the change; I merely express myself as favourable to the suggestion of my hon. friend from Halifax, rather than to the provision in the Bill.

On section 54c—order confirming reduction:

Mr. A. K. MACLEAN: I spoke this afternoon about the words "and reduced" in 54a. I should like to see them struck out.

Mr. R. B. BENNETT: So would I.

Mr. A. K. MACLEAN: But that could not be done without disarranging the whole section. These words are absolutely valueless.

Mr. MEIGHEN: That is in order to conform very closely with the English Act.

Mr. A. K. MACLEAN: The English Act with respect to the reduction of capital is very unsatisfactory to English practitioners. They object to it very much.

Mr. MEIGHEN: Section 54c is the British Act and the British Columbia Act.

On section 54e—penalty for concealment of name of creditor:

Mr. CARVELL: That is a pretty stiff penalty.

Mr. A. K. MACLEAN: It should be stiff.

Mr. R. B. BENNETT: You cannot make it too stiff and have the provision successful.

[Mr. R. B. Bennett.]

Mr. CARVELL: The provision is that a director or officer of the company who conceals the name of the creditor entitled to object to the reduction shall be liable to a penalty of five years' imprisonment.

Mr. MEIGHEN: This very point was threshed out fully in the Senate Committee. A very much lighter penalty had previously been provided—six months' imprisonment. One of the largest company men in the Senate, Senator Nicholls, of the General Electric, was most insistent that the provision would be valueless unless a substantial penalty was provided.

Mr. R. B. BENNETT: There is no question about the seriousness of the reduction of capital; that has been well indicated by the observations of the member for Halifax (Mr. A. K. Maclean). If the creditors are not made aware of the fact that capital is to be reduced, the result, of course, is very disastrous to them. It is, therefore, of primary importance that every opportunity should be given to every creditor to protest against a reduction of capital. Moreover, the Act provides that the Secretary of State, if satisfied in respect to every creditor of the company who is entitled to object to the reduction, may issue supplementary letters patent confirming the reduction on such terms and conditions as he thinks fit. Therefore, the concealment of the name of a creditor would not only affect the interests of the creditors themselves but might to some extent impair the entire usefulness of the action of the Secretary of State. I think a severe penalty is very essential.

Mr. CARVELL: The penalty is for wilful concealment.

Mr. R. B. BENNETT: The Bank of Yarmouth case is an authority on that point.

Mr. A. K. MACLEAN: What is the penalty in the English Act?

Mr. MEIGHEN: Six months' imprisonment.

Mr. CURRIE: I did not understand that this Companies Act Amendment was to be gone on with this session. The Bill stands in the name of the Finance Minister (Sir Thomas White).

Mr. MEIGHEN: No, in the name of the Secretary of State (Mr. Meighen).

Mr. CURRIE: The Finance Minister was communicated with, and he told several newspaper proprietors that the Bill would be taken up by the Private Bills Committee.