

characterization of the offences described in most of these sections, and, therefore, it would have to be wilful to come within that section. It is not in this section, but it appears in most sections dealing with offences.

Mr. CARVELL: About the only section this applies to would be 105 and 106.

Mr. A. K. MACLEAN: You have penalties provided already. Suppose the directors fail to hold the annual meeting, I do not think it should necessarily follow that they should be liable to a penalty of any amount.

Mr. R. B. BENNETT: Why not?

Mr. A. K. MACLEAN: They may have very good reason. They may have been absent from the country. There are scores of provisions in the Companies' Act which are never carried out, and really are not expected to be. They are there more for protective than for practical purposes.

Mr. MORPHY: While I agree, in a measure, with the reading of the section, it looks very much more drastic than it really is. The penalty, on summary conviction, is a fine of not more than \$1,000. It might be one, two, or ten dollars. I do not think it makes any difference if you reduce it to four or five hundred dollars. No ordinary magistrate would want to impose more than ten or twenty dollars for a technical offence under the Act. I think that section and the enforcing of it should be at the instance of somebody who is a shareholder in the company. I do not think it is right to put a section of that kind in the statute book which would leave it open to a blackmailer or a man without the shadow of an interest who happened to get the knowledge of some particular omission by a director of a trivial matter in which he had no concern from personal spite to lay a charge, and would compel the magistrate to impose a penalty and costs. I suggest that that section be amended in the 34th line, after the word "Act" by inserting the words "on complaint of a shareholder or other one interested in the company."

Mr. MEIGHEN: Or a person canvassed by an officer of the company?

Mr. MORPHY: A person who is affected by the neglect. There might be no special damages, but there are multifarious things which have to be done, and some of these things might be neglected. This section is very general and broad. It seems more a case for the issue of a fiat by the Minister of Justice or Secretary of State, before a prosecution can be held.

Mr. MEIGHEN: I thought before a conviction was entered the consent of the Secretary of State might be required.

Mr. MORPHY: I am rather opposed to fiats going after complaints are lodged. I believe that before a dollar's worth of expense is incurred under public acts of this kind, the fiat should issue. It is the basis of the complaint.

Mr. GLASS: Might not some one other than a shareholder be prejudiced by the non-performance of some provisions of the Act? A creditor's interests might be just as important as the shareholders.

Mr. MEIGHEN: Yes. Does any one feel the clause is dangerous as it is, or that it would be safeguarded by an amendment to the following effect: "Provided no action shall be entered under this section except with the written consent of the Secretary of State of Canada"?

Mr. MORPHY: No information or complaint should be laid.

Mr. A. K. MACLEAN: Or no proceeding taken.

Mr. R. B. BENNETT: Take the case of the old Eaton Company, which did not have the word "Limited" after it; some enterprising young man started proceedings under which he got half the fines throughout Ontario. I think this section is capable of abuse, and the suggestion of the Secretary of State seems to meet the case, and overcomes the difficulty. My hon. friend to my right (Mr. Morphy) does not think any too much of that suggestion, but I think it the easiest way to meet the difficulty.

Mr. A. K. MACLEAN: I would strike it out altogether.

Mr. BENNETT: Oh, no.

Mr. A. K. MACLEAN: We have penalties for almost everything.

Mr. MEIGHEN: I should not like to strike it out, I will move to add the following words:

Provided no proceeding shall be taken under this section without the consent in writing of the Secretary of State for Canada.

Mr. A. K. MACLEAN: Section 113 is a new one; I do not know that a similar section may be found in any Companies Act. It is a dangerous provision, and I do not think that it should be left in. Why not strike it out? If necessary it could be taken up next year.