

Mr. DESJARDINS.—It may be incorporated in the by-laws and in the law as well. The board has only the right to make recommendations to do this or do that, but they have no power at all to declare a dividend. For instance, I have no power at all as a director or as a member of the board of administration of La Caisse Populaire to declare a dividend. Our people at Lévis were calling upon me for a dividend, but the board had no power to declare one. I said to them, 'You must wait, I cannot, as manager, pay one cent because I am not authorized by the general meeting.'

Mr. PERLEY.—I see no provision about dividends at all. From that I infer that the board would have power to declare them.

Mr. DESJARDINS.—No.

Mr. PERLEY.—There should be some clause providing as to how the dividends are to be declared.

Mr. SINCLAIR.—Look at subsection *a* of section 33, 'No person, society or company who, or which, has ceased to be a member for one year or upwards, prior to the commencement of the winding up shall be liable to contribute.'

Mr. PERLEY.—Yes, that is perfectly plain. But subsection *e* provides that in case the society has a certain reserve—the amount of which is not stated here—then any one can withdraw at a moment's notice and be no longer liable. Now, the directors knowing the state of affairs of the society, may withdraw at a moment's notice under that clause, although the society is really bankrupt.

Mr. MONK.—They would be liable, if the society was bankrupt under section 33?

Mr. PERLEY.—Not under subsection *e*. It says that any member who has withdrawn shall be free from any liability whatever from the moment of his withdrawal. Those are very strong words.

Mr. SINCLAIR.—Providing there is a reserve sufficient to meet all liabilities, I suppose.

Mr. PERLEY.—That is not the way the subsection reads.

*By the Chairman :*

Q. That section might be made clearer?—A. The Ontario Bank nominally had a big reserve, and yet it failed.

Mr. DESJARDINS.—In the case of banks, there are a number of other provisions which makes it a little different.

The CHAIRMAN.—That is not as clear as it might be, and it would be quite right that we should provide that if an institution turns out afterwards to be insolvent, then the shareholders within a year should be liable.

Mr. SINCLAIR.—If there is no reserve you make everybody liable for any debt that occurs within a year. But if there is a reserve then they are let out, you relieve them from all liability. As Mr. Perley puts it, in a case where there is a fictitious reserve, and where the concern is really insolvent, although there is a reserve, should not every shareholder be liable in that case?

Mr. PERLEY.—A trading society would buy large amounts of goods from people and they might be liable for large sums of money, they might, if they became prosperous, do a large amount of business, and they might have very heavy debts to outsiders.

Mr. DESJARDINS.—They are supposed to pay cash. I suppose that a good many things can be looked after in the by-laws, but the general law, if I understand well, deals with the general principles and then the by-laws complete the law. Of course, the by-laws are often very exacting and for a good purpose, but it is pretty difficult to put in a law, in a general law, all the restrictions that can be put in the by-laws which cover many of those points.

Mr. MONK.—That will have to be attended to in the amendments that are made to the Bill.