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CANADIAN COMPANY LAWS.

A somewhat severe criticism of Canadian company laws has appeared in an English contemporary. The difficulty in replying fully thereto is the universal application of the charges made. For instance, it is true that there is no means of regulating companies incorporated under the Dominion Act. They make no returns to the Government, and there is no way of knowing who are the directors or the shareholders. But this is not true of companies incorporated under the Ontario Act. That the subject demands the serious attention of the Dominion and provincial governments there is no gain-saying. The virtues of Canadian company laws have been swamped by the vice of generalities applied by the English critic. The Secretary of State at Ottawa, we believe, intends to amend the Dominion Companies Act in the near future. It is to be hoped then there will be no ground for any serious complaint.

The subject is of vital importance to Canada, if only for the reason that the investor the world over is turning his eyes and money towards Canadian resources and their exploitation. One of the first questions an intelligent investor asks is: "Does the government of this country show an active interest in the proper conduct of companies, new and old?" If a government be lax in this respect, it takes only two or three instances of bad faith on the part of promoters or directors to chill the investor for all time so far as a particular field is concerned. That the law shall be paternal is impossible. One cannot legislate for fools. Some men get run down by autos even if the rules of the road, the laws of speed and registration are strictly observed. The cars being registered, the speed maximum not being exceeded, the driver keeping to the right, legal requirements have been fulfilled. So it is with the men who have money to spend.

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Some will be ready always to finance hidden treasure hunters seeking easy wealth near the backdoor of an unknown island. It thus remains to say how far a government shall assist the investor, the promoter and finally the good name, reputation and credit of the country.

The formation of new companies perhaps affords the greatest danger. Whenever there is an accumulation of bank deposits, all kinds of schemes are introduced to magnetize them. Many are good ideas which have been patiently awaiting investment money. Others are frauds. How far should the government go in such cases?

The primary requisite of the prospective investor is knowledge regarding the proposition which he proposes to support. It is obvious that the government should require certain information to be filed with them. The standard need be neither too high nor too low, but it should be sufficient for the average man to judge for himself whether or not the new venture merits his patronage. The Ontario company laws require the filing of a prospectus giving a variety of information, before any company can sell stock in that province. In Quebec, for example, the laws are less severe. Without any desire to particularize objectionably, it is a matter of common knowledge that finance and company promotion in the province of Quebec have not been as clean as desirable. In almost every province, examples of carelessness or laxity on the part of the provincial government have been noted—carelessness, in the sense that the law is not sufficiently comprehensive. It is not so much that company charters are too cheap as that company promoters can frequently drive through the legal gates without giving sufficient information to the provincial door-keeper.

In this connection the confliction of Dominion and provincial laws arises. Suppose a company desires only