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# BRITISH COLUMBIA FINANCIAL TIMES

A Journal of Finance, Commerce, Insurance, Real Estate, Timber and Mining

Vol. 1. No. 5.

VANCOUVER, JULY 18, 1914

SINGLE COPY 10c  
THE YEAR \$2.00

## "Blue Sky" Legislation and British Columbia

**Enactment of a "Sales of Shares Act" Would Eliminate Much of the Unsavory in Some of the Flotations That Are Frequently Made in This Province.**

The necessity for the enactment of Blue Sky legislation in British Columbia is becoming more evident each year, and it is little short of mendatory that some act be placed on the statute book of the Province at an early date if the abuses which are so evident now in connection with some of the oil shares being offered in this Province are to be corrected. The sepectacle of shares in extra-provincial and foreign corporations being offered to the public of this Province without any evidence of title, properties, assets, good faith, and which all but escape the charge of fraud should not be longer tolerated. Our own company laws give very wide powers which are subject to great abuses, but this Province insists that shares of Provincial corporations shall at least be sold on the basis of a prospectus, which is filed with the Registrar.

A "Sale of Shares Act" would involve in the first place the creation of the office of a Commissioner before whom all companies or agents applying for permission to sell shares to the public should show their bonafides. It is right here that a large percentage of the wild-cattng and fraud will be eliminated. In the state of Kansas where nearly the first legislation of this character was enacted, the Commissioner stated, in reviewing the course of the operation of the Act, that seventy-five per cent. of the stocksalesmen never got beyond him. He asked them to tell their story to him, and try to sell him shares that they were offering. He went into particulars with them, asked them to show their incorporation papers, their properties owned, if any, and if not, their contracts to purchase, their proposed business, their chances and reasonableness of success, the security of intending purchasers, and the thousand little pertinent questions that an experienced investor will put to a salesman. The consequence was that the average percentage of stocksalesmen given above would apologize for taking up his time and make a hasty exit. The money that these salesmen got from the public of the state was hitherto in the neighborhood of fifteen million dollars annually. The importance of the character of the Commissioner to

bring this act into operation is great. He should be fearlessly honest, he should have a faculty for scenting weak spots, and he should have considerable training.

No company should be allowed to offer shares for sale without his certificate. The company desiring to sell securities should file with the Commissioner a plan upon which it proposes to transact business, copy of all contracts, bonds, or other instruments which it proposes to make with, or sell to its contributors, a statement showing itemized account of actual financial condition, amount of property and liabilities, and such other information as may be required by the Commissioner. Upon being satisfied the Commissioner shall issue a certificate stating that the company has complied with the provisions of the act, that a detailed statement is on file in his office for public inspection, and that the Commissioner in no wise recommends the securities to be offered.

Upon being granted a certificate the company may appoint agents or a selling company as agents. Each person or company who acts as agent, must be registered with the Commissioner and receive a license which the agent must produce for inspection to the person he proposes to sell to. Both certificates and licenses should be revocable at the discretion of the Commissioner.

Under the authority of the Commissioner should come the Insurance company and its agents and solicitors, the financial, industrial, oil, mining and real estate companies, firms and salesmen or agents of them.

Under this act it should be illegal for a printer or publisher to print or advertise for sale shares in companies that are not certified by the Commissioner.

The operation of this act would not involve placing upon the Commissioner the responsibility of the success of the proposed enterprice. He simply sees that purchasers are protected from fraud and ill-advised financiering so far as it is possible for him to forsee.

It must be admitted that problem of Blue Sky legislation in investment centres, such as London and New York, present considerable difficulties. But British Columbia will not become an investment centre for a long number of years, such as to impede or restrict investments by its operation. The operation of an act in this Province would be attended with the same success as has taken place with the enactment of

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