

managing director. Here are some interesting extracts from the Articles referred to:—

(13) The whole of the common stock of the company shall be issued as fully paid, and shall be owned by, allotted to, and vested in Frederick H. Malcolm in terms of this memorandum and articles of association of the company.

(32) The organizer, founder and incorporator of the company is Frederick H. Malcolm, aforesaid, and his interest and holding in the company is the five thousand shares of common stock of the company as herein provided. The said shares are issued to him fully paid, subject, nevertheless, to the preference interests of all the other shareholders of the company. Thus, no dividend shall accrue and become payable upon any of these shares of common stock until all the preference shares of the company have been paid dividends at the rate of ten per cent. (10%) per annum, after which a dividend at the same rate shall be paid to the holders of the common stock, and after payment of the ten per cent. (10%) upon both preference and common shares alike, then all further profits shall be paid to all classes of shares alike in equal proportions.

(33) To acquire from the said Frederick H. Malcolm all his right, title, interest and goodwill in and to certain concessions, franchises, or other special considerations owned by, promised, or actually acquired by him or for the said company. Also all interests and goodwill in and to options over lands or other commodities aforesaid. Together with such real estate, lands, buildings, easements, tenements, machinery and appurtenances as may be conditionally contracted or agreed for, or otherwise acquired by option, agreement or otherwise the consideration for same being the common stock of the company issued fully paid and non-assessable, subject nevertheless to the terms and conditions provided in Clause 34 herein.

(34) The said Frederick H. Malcolm agrees and hereby undertakes to transfer share certificates for the common stock of the company to each and every one of the parties who have applied for and been duly allotted founder's shares, and who have paid to the company the application and allotment calls thereon amounting to ten (\$10) dollars per share upon application, and ten (\$10) dollars per share upon allotment; and who have also signed the application form for founder's shares, agreeing to pay the balance accruing due in calls of ten (\$10) dollars per share at intervals of not less than two months, as required, due notice of which shall be sent to them by the secretary of the company to their last known place of abode. The above transfer of shares shall apply to and not exceed one thousand (1,000) shares of common stock in all, and shall apply solely and only to the subscribers and allottees of the first one thousand (1,000) shares of founder's preference shares in the capital stock of the company.

This plainly invests in Mr. Malcolm the whole property of the company, with authority to deal with it. The ordinary function of a directorate is eliminated. Moreover, under Article 30, he, as managing director, is specially exempted from the usual necessity of retiring at the end of a term and being re-elected. He is to continue in office permanently; and, the substance of these provisions being endorsed as conditions on every application for shares signed by proposed shareholders, it would seem that he is hereby given a perpetual power of attorney to act for the whole body of shareholders, which, it may be, cannot be revoked without a change in the constitution of the company.

We do not see that the allotment of these five thousand shares of common stock to Mr. Malcolm is valid. Section 43 of the Companies Ordinances requires that where cash has not been paid for shares, a written contract instead dealing with it must be made and filed with the Provincial Registrar before the issue of the shares. But no such contract, we believe, exists in this case, although it is plainly intended that the amount intended to be paid to any promoter, and the consideration for which it is to be paid, shall be stated and disclosed. Under Articles 19 and 23 of the Articles of Association, the company is to pay out of its funds all expenses of organization, incorporation, and flotation, and to remunerate the promoters and organizers and any other person for value, consideration, or services ren-

dered; but whether it is for these or the nebulous considerations enumerated in Article 33 Mr. Malcolm receives \$400,000 in shares, it is difficult to say, not having seen the general books.

It appears that the allotment of 1,000 shares as a bonus to the founders would not avail against the creditors of the company, and does not free them from their liability to pay the full face value of the shares.

Under Article 30 of the Articles of Association the directors must be chosen from among the foundation shareholders, their qualification being the holding of one share. Any such large subscriptions as that of \$20,000 proposed to the city of Medicine Hat would not, therefore, carry even nominally the right to representation on the board without some special provision. It is to be noted that, under Articles 7 and 17, the shares of the common stock are to have equal voting value with the preference shares.

The Western Canneries may amalgamate with any other company; it may buy, acquire, and hold shares in the capital stock of any mining companies; and under Article 45 the company has power to issue bonds to the nominal amount of its capital.

It is an interesting fact that one of the most prominent actuarial firms of the country, who obtained a report of this company for a client, state they were not allowed access to the general books of the company, or even a view of the trial balance sheet, which, of course, was essential, so that the figures shown by the subsidiary ledgers might be confirmed.

Mr. Malcolm thinks that our criticisms are more within the sphere of a commercial than of a banking journal. We would remind him that the title of this paper is the Monetary Times, Trade Review, and Insurance Chronicle. "The colossal versatility of some criticisms is stupendous and truly appalling," he says. But it does not require stupendous versatility to criticize, with good cause, such a concern as the Western Canneries, Limited.

Medicine Hat recently carried a by-law, authorizing the municipality to purchase twenty thousand dollars worth of Western Canneries stock. We understand now that the council refuses to purchase this stock. The Medicine Hat newspapers are apparently much perturbed at this turn in events. It would be interesting to know if the publishers, or any person connected with these journals, are shareholders in the Western Canneries, and whether they have received any small payments for advertising the company.

Mr. Malcolm is a busy man. Not only is he actively engaged in the promotion of the Western Canneries, but the National Bank of Canada, the Canadian Banking Corporation, Limited, the Colonial Bank of Canada, are other concerns requiring his secretarial attention.

Here are a few of the companies with which he has been, or is, associated:—

New Zealand Canneries.—Mr. Malcolm "cannot remember the details."

False Creek Canneries.—Mr. Malcolm says this "was operated at a loss."

Table Bay Canneries.—Mr. Malcolm says "the profits were never published."

Central Canada Chamber of Mines.—Mr. Malcolm says "the Chamber was not established for profit." To which we add, it ceased operations, for some reason, at a time when such an institution, properly managed, would have been of value to the country.

Medicine Hat Sewer Pipe Co.—This company was advertised in November, 1905. Mr. Malcolm was secretary and talked of 1,700 per cent. per annum dividends. In a circular he said, "it would be unwise" to print the figures for public comment. What has become of this concern? If it is not operating, have the shareholders had their money returned?

Canadian Distilleries, Limited.—Mr. F. H. Malcolm is one of the organizers.

Colonial Bank of Canada.—Mr. Malcolm was secretary. The bank's charter has expired.

Western Canneries, Limited.—Mr. Malcolm says it will do a business of \$200,000,000 per annum, and that