

as proposed directors; and it was admitted that the plaintiffs received copies of this prospectus. The plaintiffs had subscribed for an aggregate of 24 shares.

The main purpose of a prospectus is to afford to intending subscribers and others such complete and reliable information as will properly inform them of the character, standing, and prospects of the concern in which they contemplate embarking. It should not be misleading either in its statement of the facts or in withholding material facts. The statute imposes liability upon directors or proposed directors who, in the promotion of a company, issue a prospectus not complying with its provisions in that respect.

The statement which appeared on the title-page of the prospectus of the defendant company that there was a branch office at 265 King street east in the city of Hamilton—where the head office also was—was not, in the circumstances, of such materiality as to afford a ground for objection by the plaintiffs. Several of the plaintiffs went to this “branch” office and there procured copies of the prospectus.

The statement that a certain lumber and coal company (part of whose assets was purchased by the defendant company) had been successful in its operation, and that its net profits for nine years averaged more than 20 per cent. per annum, was borne out by the evidence. The evidence also shewed that, while that company was owned and operated by the M. Brennen Manufacturing Company of Hamilton Limited, its operations were carried on as a separate and distinct business.

A by-law of the defendant company providing for a reduction in the price of coal sold to preferred shareholders was produced and put in as evidence at the trial.

The allegation that certain shares of the stock of the defendant company were issued for the discharge of liabilities, and not for the purchase of assets, was not correct.

The question whether the company whose assets were bought by the defendant company had any connection with the Brennen company was, in the circumstances, immaterial.

There was nothing in the prospectus suggestive of misrepresentation that the defendant company was entitled to get anything beyond what a certain agreement of the 24th January, 1917, provided for; and there was no evidence that the defendant company did not receive, free from liabilities of the selling company, the assets which that company had agreed to sell.

On the evidence, the prospectus substantially complied with the requirements of the Companies Act.

If, as appeared now to be the case, the plaintiffs should lose the amounts of their subscriptions, the loss was not attributable