

*Dominion Companies Act*

in the letters patent shall not be enforced or acted upon until the approval of the Secretary of State has been obtained.

Section agreed to.

Sections 141 to 146 inclusive agreed to.

On section 147—Powers constructively conferred by charter.

Mr. CASGRAIN: Will the minister give some explanation of this?

Mr. CAHAN: Throughout the history of Canada we have been incorporating by special statutes separate and distinct companies, and we have always provided in a general act that certain general clauses should apply to those companies which are incorporated by special statute. This is simply a re-enactment of the special clauses which apply to companies incorporated by special statute, bringing those clauses, in one or two instances, into conformity with the general provisions of the Companies Act.

Section agreed to.

Sections 147 to 159 inclusive agreed to.

On section 160—Shares to be personal estate.

Mr. JACOBS: There is an amendment in this section. It is stated that the shares in the capital stock of the company shall be personal estate. Are they not now?

Mr. CAHAN: The present act speaks of capital stock and the owners of capital stock. That is confusing, and we have introduced throughout the words "shares in the capital stock," which is the proper nomenclature.

Section agreed to.

Sections 161 to 181 inclusive agreed to.

On section 182—Contracts by agents and officers.

Mr. CAHAN: I will ask that this section stand as it is one about which hon. members have asked for further consideration.

Section stands.

Sections 183 to 185 inclusive agreed to.

On section 186—Liability in case of loans by company to shareholders.

Mr. JACOBS: Anything new there?

Mr. CAHAN: The company is liable not only for the loan but for interest as well. If malfeasance of a director leads to the making of an improper loan, he should be responsible not only for the return of the principal but for the interest which has accrued thereon in the meantime.

[Mr. Cahan.]

Mr. ELLIOTT: There is no change in the penalty.

Mr. CAHAN: Yes, there is. It will be remembered that a case arose in which it was claimed that in the event of such a loan being made the directors who made the loan were liable to the creditors of the company for all debts, and we have provided that they shall be jointly and severally liable to the amount of such loan with interest to the company and also to creditors of the company for all debts of the company then existing. In other words, it must be a then existing debt for which they are liable.

Mr. ELLIOTT: That is, existing at the time of the loan?

Mr. CAHAN: Yes.

Section agreed to.

Section 187 agreed to.

On section 188—Liability of directors for wages unpaid.

Mr. BUTCHER: A change has been made in this clause. Section 196 of the present act reads:

The directors of the company shall be jointly and severally liable to the labourers, servants and apprentices thereof, for all debts, not exceeding one year's wages, due for services performed for the company whilst they are such directors respectively, but no director shall be liable to an action therefor, unless the company is sued therefor within one year after the debt became due, nor unless such director is sued therefor within one year from the time when he ceased to be such director, nor unless an execution against the company at the suit of such labourer, servant or apprentice is returned unsatisfied in whole or in part.

In clause 188 of the new bill I notice the period for which wages are due to employees is reduced to two months. Why is that?

Mr. CAHAN: The hon. gentleman has indicated the change. Hitherto, under the old act, directors were jointly and severally liable personally for all wages for a period of twelve months. In respect of companies employing a large amount of labour, this simply meant that a director who might be very wealthy to-day would to-morrow have everything he owned wiped out simply because of the large amount of wages which might have accrued. In reconsidering this we thought under modern conditions provision for two months' wages was satisfactory. Wages are usually paid monthly and if they are not paid for two months, then we suggest making the directors personally liable; but to make them liable for anything in excess of that would