

No. 76.

5th Session, 8th Parliament, 63 Victoria, 1900.

BILL.

An Act to incorporate the Canadian Loan
and Investment Company.

First reading, March 9, 1900.

(PRIVATE BILL.)

MR. CLARKE.

OTTAWA

Printed by S. E. DAWSON

Printer to the Queen's most Excellent Majesty

1900

An Act to incorporate the Canadian Loan and Investment Company.

WHEREAS the Canadian Mutual Loan and Investment Company has, by its petition, represented that it was incorporated under the provisions of chapter 169 of the Revised Statutes of Ontario, 1887, and has prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the said petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows;—

Preamble.

R.S.O., 1887,
c. 169.

1 The shareholders of the said the Canadian Mutual Loan and Investment Company, hereinafter called "the old Company," together with such persons as become shareholders of the new company, are hereby incorporated under the name of "The Canadian Loan and Investment Company," hereinafter called "the Company."

Incorporation.

Corporate name.

2 The present directors of the old Company shall be the directors of the Company until their successors are elected.

Directors.

3 The capital stock of the Company shall be four million dollars, of which one million dollars shall be permanent capital stock, and three million dollars shall be terminating stock, divided as hereinafter described.

Capital stock.

4 The permanent capital stock of the Company shall be divided into one hundred thousand shares of ten dollars each, and shall be issued as follows:—

Permanent capital stock.

(a) Ninety thousand shares of permanent preference stock, which shall be entitled to such cumulative preference dividend, not exceeding six per cent per annum, as shall from time to time be declared by the directors, and shall be provided for out of the net earnings of the Company before any dividends are paid upon the ordinary permanent stock of the Company, but the said permanent preference stock shall not be entitled to participation in any further profits of the Company.

Preference stock.

(b) Ten thousand shares of ordinary permanent stock.

Ordinary stock.

5 The terminating stock of the Company shall be divided into thirty thousand shares of the maturity value of one hundred dollars each.

Terminating stock.

2 Terminating stock shall be entitled to such dividends as shall be declared from time to time by the directors out of the net earnings of the Company before any dividends are paid

Dividends.

upon the ordinary permanent stock of the Company; but such dividends shall not be less than the dividends on the ordinary shares: Provided that such terminating stock shall be issued only to the present holders of terminating stock in the old Company as hereinafter provided for, and after the maturity, withdrawal or cancellation of such issue, or any part thereof, no further or other issue of terminating stock shall be made. 5

Shares in the old Company converted.

6. The permanent preference stock mentioned in paragraph (a) of section 4 of this Act, and the terminating stock referred to in section 5 of this Act, shall be entitled to repayment of capital, in the event of liquidation, in priority to holders of ordinary permanent stock. 10

Rights of shareholders in old Company.

7. The shareholders of the old Company holding shares of terminating stock therein are hereby declared to be the holders respectively of shares of the terminating stock of the Company to the same extent and with the same amount paid up thereon as they are holders respectively of such shares in the old Company. 15

Head office.

8. The head office of the Company shall be in the city of Toronto, in the Province of Ontario, or in such other place in Canada as the directors from time to time determine by a by-law confirmed at any annual or special general meeting of the Company duly called for the purpose of considering such by-law. 20

Directors.

9. The affairs of the Company shall be managed by a board of five directors, of whom two shall be elected by the preference permanent shareholders and three by the ordinary and terminating shareholders. 25

By-laws.

10. The by-laws, rules and regulations of the old Company, lawfully enacted, in so far as the same conform with the provisions of this Act, shall be the by-laws, rules and regulations of the Company, subject to appeal, amendment or other change lawfully made. 30

Acquisition of old Company's assets.

11. The Company may acquire all the assets, rights, credits, effects and property, real, personal and mixed, of whatsoever kind and wheresoever situated, belonging to the old Company, or to which it is or may be or become entitled, and a conveyance and assignment thereof in the form of the schedule to this Act, or to the like effect, shall be sufficient. 35

Form of conveyance.

Liability for obligations of old Company.

12. The Company shall be liable for and subject to and shall pay, discharge, carry out and perform all the debts, liabilities, obligations, contracts and duties of the old Company, and any person having any claim, demand, right, cause of action or complaint against the old Company, or to whom the old Company is under any liability, obligation, contract or duty, shall have the same rights and powers with respect thereto and to the collection and enforcement thereof from and against the Company, its directors and shareholders, as such person has against the old Company, its directors and shareholders. 40 45 50

- 13.** Nothing in this Act contained, or done in pursuance thereof, shall take away or prejudice any claim, demand, right, security, cause of action or complaint, which any person has against the old Company or its directors or 5 shareholders or shall relieve the old company its directors or shareholders from the performance of any debt, liability, obligation, contract or duty.
- 14.** The Company may lend money on the security of, or purchase or invest in,—
- 10** (a) mortgages or hypothecs upon freehold or leasehold real estate, or other immovables ;
- (b) the debentures, bonds, stocks and other securities of any government or any municipal corporation or school corporation, or of any chartered bank, or incorporated company, if 15 incorporated by or under the authority of the Parliament of Canada, or of the legislature of any former or present or future province of Canada; provided that the Company shall not lend upon the security of, or purchase or invest in bills of exchange or promisory notes; provided further that the Com- 20 pany shall not invest in or lend money upon the security of the stock of any other loan company.
- 2.** The Company may take personal security as collateral security for any advance made or to be made, or contracted to be made by or for any debt due to the Company.
- 25** **3.** The Company may, subject to any limitation or prohibition imposed by its by-laws, lend upon its own stock, but no such loan shall exceed eighty per cent of the then value of the stock.
- 15.** The Company may act as an agency association for 30 the interest and on behalf of others who entrust it with money for that purpose, and may, either in the name of the Company or of such others, lend and advance money to any person upon such securities as are mentioned in the next preceding section, or to any body corporate, or to any muni- 35 cipal or other authority, or to any board or body of trustees or commissioners, upon such terms and upon such security as to the Company appear satisfactory, and may purchase and acquire any securities on which they are authorized to advance money, and again re-sell the same.
- 2.** The conditions and terms of such loans and advances and of such purchases and re-sales, may be enforced by the Company for its benefit, and for the benefit of the person or corporation for whom such money has been lent and advanced, or such purchases and re-sales made; and the Company 40 shall have the same power in respect of such loans, advances, purchases and sales, as are conferred upon it in respect of loans, advances, purchases and sales made from its own capital.
- 3.** The Company may also guarantee the repayment of the principal, or the payment of the interest, or both, of any 45 moneys entrusted to it for investment.
- 4.** The Company may, for every or any of the foregoing purposes, lay out and employ the capital and property, for the time being, of the Company, or any part of the moneys authorized to be raised by it in addition to its capital for the time 55 being, or any moneys so entrusted to it as aforesaid, and may
- Existing rights preserved.
- Investment powers.
- Mortgages.
- Debentures, etc.
- Personal security.
- Loans upon Company's stock.
- Agency association.
- Enforcement of agreements.
- Guarantee of moneys.
- Employment of capital.

do, assent to and exercise all acts whatsoever which, in the opinion of the directors of the Company for the time being, are requisite or expedient to be done in regard thereto.

Moneys guaranteed to be deemed borrowed.

5. All moneys of which the repayment of the principal or payment of interest is guaranteed by the Company, shall, for the purposes of this Act, be deemed to be money borrowed by the Company. 5

Borrowing powers.

16. The Company may borrow money, and receive money on deposit, upon such terms as to interest, security and otherwise as may be agreed upon, and may issue its bonds, debentures and other securities for moneys borrowed; provided always that the total of the Company's liabilities to the public outstanding from time to time shall not exceed four times the amount paid upon its fixed and permanent capital stock; and provided further that the amount held on deposit shall not at any time exceed the aggregate amount of its then actually paid up and unimpaired fixed and permanent capital and of its cash actually in hand or deposited in any chartered bank in Canada or Great Britain, and belonging to the new Company. 15 20

Limitations.

Liabilities assumed.

17. The liabilities of the old company assumed by the Company shall form part of the total liabilities of the Company to the public for the purposes of the last preceding section, but the amount of cash on hand or deposited in chartered banks and belonging to the Company shall be deducted from such total liabilities for the purposes of the said section. 25

Liabilities to be reckoned in computation.

18. The liabilities of any company assumed by the Company shall form part of the total liabilities of the Company to the public for the purposes of section 13 of this Act. 30

Increase of capital.

19. The directors by unanimous vote at any time after the whole of the capital stock of the Company has been subscribed and fifty per cent thereof paid up, but not sooner, may, from time to time, by by-law, provide for the increase of the capital stock of the Company to any amount which they consider requisite, but no class of stock shall be so increased without the consent of two thirds of the stockholders in such class, and any new shares shall, on such increase, be allotted to the holders of the class of stock so increased. 35

Limitation of increase of capital.

20. No by-law for increasing the capital stock of the Company shall have any force or effect unless and until it has been sanctioned by the vote of the shareholders present or represented by proxy at a general meeting of the Company duly called for the purpose of considering such by-law, such shareholders holding not less than two-thirds of the amount paid up on the capital stock of the Company represented at such meeting, and provided that no class of stock shall be so increased without the consent of two-thirds of the stockholders in such class, and provided that such by-law has afterwards been confirmed by a certificate of the Minister of Finance given under the authority of the Treasury Board. 40 45 50

21. Upon the application to the Minister of Finance for a certificate confirming such by-law, the Company shall satisfy him of the bona fide character of the increase of capital thereby provided for, and, unless it appears that the granting of such certificate would not be in the public interest, the Minister, with the approval of the Treasury Board may grant the same; provided that, with the unanimous consent of the directors, the amount of such increase of capital may, by the said certificate, be changed, and the increase made subject to such conditions as the Treasury Board thinks proper.

Condition of such increase.

22. The directors of the Company may, with the consent of the shareholders at an annual or a special general meeting duly called for the purpose, create and issue debenture stock in sterling or currency in such amounts and manner, on such terms, and bearing such rate of interest as the directors from time to time think proper, but such debenture stock shall be treated and considered as part of the ordinary debenture debt of the Company and shall be included in estimating the Company's liabilities to the public under section 16 of this Act, and such debenture stock shall rank equally with such ordinary debenture and deposit debt, and no greater rights or privileges shall be conferred upon holders of debenture stock in respect thereof than are held or enjoyed by holders of ordinary debentures of the Company.

Debenture stock.

23. The debenture stock aforesaid shall be entered by the Company in a register to be kept for that purpose in the head office of the Company, wherein shall be set forth the names and addresses of the persons from time to time entitled to such stock, with the respective amounts thereof to which they are respectively entitled, and such stock shall be transferrable in such amounts and in such manner as the directors may determine. The said register shall be accessible for inspection and perusal at all reasonable times to every debenture holder, mortgagee, bondholder, debenture stockholder and shareholder of the Company without the payment of any fee or charge.

Registration of debenture stock.

24. All transfers of debenture stock of the Company shall be registered at the head office of the Company, and not elsewhere, but the said transfers may be left with such agents in the United Kingdom as the Company appoints for that purpose, for transmission to the Company's head office for registration.

Transfers to be registered.

25. The holders of the ordinary debentures of the Company may, with the consent of the directors, at any time exchange such debentures for debenture stock.

Exchange of ordinary debentures.

26. The Company, having issued debenture stock, may from time to time, as it thinks fit, and for the interest of the Company, buy up and cancel the said debenture stock or any portion thereof.

Cancellation of debenture stock.

27. The directors may set aside out of the profits of the Company such sum as they think proper as a reserve fund

Reserve fund.

to meet contingencies, or for repairing improving and maintaining, any of the property of the Company, and for such other purposes as the directors shall, in their absolute discretion, think conducive to the interests of the Company, and may invest the several sums so set aside upon such investments (other than shares of the Company) as they think fit, and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve fund into such special funds as they think fit, with full power to employ the assets constituting the reserve fund in the business of the Company, and that without being bound to keep the same separate from the other assets. Provided always that the investment of the reserve fund shall be subject to the limitations contained in section 14 of this Act.

Extension of
business
beyond
Canada.

28. The Company may, in general meeting of its shareholders duly called for the purpose, pass a by-law authorizing its directors to extend the business of the Company outside of Canada, and the directors may give effect to such by-law without being liable or responsible as for any breach of trust in so doing.

Purchase of
buildings.

2. If, as provided in the next preceding subsection, the Company carries on business outside of Canada, the Company may, in general meeting of its shareholders duly called for the purpose, pass a by-law authorizing the directors to invest the money of the Company in the erection or purchase of buildings required for the occupation of the Company in any place where the Company is so carrying on business.

Powers of
directors.

29. The business of the Company shall be managed by the directors, who may pay all expenses incurred in organizing and incorporating the Company, and may affix the seal of the Company, and may make or cause to be made for the Company any description of contract which the Company may by law enter into, and may exercise all such powers of the Company as are not by this Act required to be exercised by the Company in general meeting, and the directors may, from time to time, among other things also exercise the following powers, the same being specifically referred to for greater certainty, but not so as to restrict the generality of the foregoing terms of this section,—

Issue of
debentures,
receipts, calls,
etc.

(a) issue debentures, bonds, deposit receipts and stock and regulate the allotment of stock, the making of calls, the payment thereof, the issue and registration of certificates of stock, the forfeiture of stock for non-payment, the disposal of forfeited stock and of the proceeds thereof, and the transfer of stock ;

Dividends.

(b) declare and pay dividends ;

Remuneration
of officers.

(c) determine the remuneration of the directors and other officers and servants ;

Delegation
of powers.

(d) delegate any of their powers to committees consisting of such members or member of their body as they think fit, and any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors ;

Appointment
of officers.

(e) appoint and remove all agents, officers and servants of the Company, and provide for and determine their func-

tions and duties, the security to be given by them to the new Company and their remuneration ;

- (f) determine the time and place for the holding of all meetings of the Company, the calling of all meetings of the board of directors and of the Company, the quorum at meetings of the directors and of the Company, and the procedure in all things at such meetings ; Meetings.
- (g) provide for the imposition and recovery of all penalties and forfeitures admitting of regulation by by-law ; Penalties.
- 10 (h) conduct in all other particulars the affairs of the Company ; Conduct of Company's affairs.
- (i) make by-laws for the regulation of the business of the Company, its officers and servants, or the members of the Company. By-laws.

- 15 **30.** The Company shall not be bound to see to the execution of any trust, whether express, implied or constructive, to which any share of its stock, or debentures, or debenture stock, or any deposit, or any moneys payable by or in the hands of the Company may be subject, and the receipt of the person in whose name any such share, debenture, debenture stock, deposit or moneys stand in the books of the Company shall, from time to time, be sufficient discharge to the Company for any payment made in respect of such share, debenture, debenture stock, deposit or moneys, notwithstanding any trust to which the same may then be subject, and whether or not the Company has had notice of such trust, and the Company shall not be bound to see to the application of the money paid upon such receipt. Company not bound to see to the execution of trusts
- 20
- 25

- 31.** If the interest of any person in any share in the capital stock, or debenture stock, or in any bond, debenture or obligation of the Company (such bond, debenture or obligation not being payable to bearer) is transmitted in consequence of the death, bankruptcy, or insolvency of such holder, or by any other lawful means other than a transfer upon the books of the Company, the directors shall not be bound to allow any transfer pursuant to such transmission to be entered upon the books of the Company, or to recognize such transmission in any manner until a declaration in writing, showing the nature of such transmission and signed and executed by the person claiming by virtue of such transmission, and also executed by the former shareholder, if living, and having power to execute the same, shall have been filed with the manager or secretary of the Company and have been approved by the directors, and if the declaration, purporting to be signed and executed shall also purport to be made or acknowledged in the presence of a notary public, or of a judge of a court of record, or of a mayor of any city, town or borough, or other place, or a British consul, or vice-consul, or other accredited representative of the British Government in any foreign country, the directors may, in the absence of direct actual notice of a contra claim, give full credit to the declaration, and (unless the directors are not satisfied with the responsibility of the transferee) shall allow the name of the party claiming by virtue of the transmission to be entered in the books of the Company. Transmission of interest in shares otherwise than by transfer.
- 30
- 35
- 40
- 45
- 50
- 55

Requirements
in case of
transmission
by will or
intestacy.

32. If the transmission takes place by virtue of any testamentary act or instrument, or in consequence of any intestacy the probate of the will or letters of administration or document testamentary, or other judicial or official instrument under which the title (whether beneficial or as a trustee) or the administration or control of the personal estate of the deceased shall purport to be granted by any court or authority in Canada, or in Great Britain or in Ireland, or any other of Her Majesty's dominions, or in any foreign country, or an authenticated copy thereof or official extract therefrom shall, together with the declaration mentioned in section 31 of this Act, be produced and deposited with the manager, secretary, treasurer or other officer named by the directors for the purpose of receiving the same, and such production and deposit shall be sufficient justification and authority to the directors for paying the amount or value of any dividend, coupon, bond, debenture, obligation or share, or transferring or consenting to the transfer of any bond, debenture, obligation or share, in pursuance of and in conformity to such probate, letters of administration or other such document as aforesaid.

Directors may
apply to the
court in cases
of doubt.

33. Whenever the directors shall entertain reasonable doubts as to the legality of any claim to or upon such shares, bonds, debentures, obligations, dividends or coupons, or the proceeds thereof, then and in such case the directors may file in the High Court of Justice for Ontario, a petition stating such doubts and praying for an order or judgment adjudicating and awarding the said shares, bonds, debentures, obligations, dividends, coupons or proceeds to the parties legally entitled thereto, and such court shall have authority to restrain any action, suit or proceedings against the Company, the directors and officers thereof, for the same subject matter, pending the determination of the petition; and the Company and the directors and the officers thereof shall be fully protected and indemnified by obedience to such order or judgment against all actions, suits, claims and demands in respect of the matters which shall have been in question in such petition, and the proceedings thereon; provided always, that if the court adjudges that such doubts were reasonable, the costs, charges and expenses of the Company in and about such petition and proceedings shall form a lien upon such shares, bonds, debentures, obligations, dividends, coupons or proceeds, and shall be paid to the Company before the directors shall be obliged to transfer, or assent to the transfer of, or to pay such shares, bonds, debentures, obligations, dividends, coupons or proceeds to the parties found entitled thereto.

Term for
which land
may be held.

34. No parcel of land or interest therein at any time acquired by the Company and not required for its actual use and occupation or not held by way of security, shall be held by the Company or by any trustee on its behalf for a longer period than ten years after the acquisition thereof, but such land or interest therein shall be absolutely sold and disposed of so that the Company shall no longer retain any interest therein unless by way of security: Provided that any such parcel of land or any interest therein not within the ex-

ceptions hereinbefore mentioned which has been held by the Company for a longer period than ten years without being disposed of, shall be forfeited to Her Majesty : Provided that Her Majesty may extend the said period from time to time not exceeding in the whole twelve years : Provided further that no such forfeiture shall take effect or be enforced until the expiration of at least six calendar months after notice in writing to the Company of the intention of Her Majesty to claim such forfeiture; and the Company shall, when required, give the Minister of Finance a full and correct statement of all lands at the date of such statement held by the Company or in trust for the Company, and subject to these provisos.

Forfeiture.

Extension of time.

Notice of expiring forfeiture.

35. The Company shall, on or before the first day of March in each year, transmit to the Minister of Finance and Receiver-General, a statement in duplicate to and including the thirty-first day of December of the previous year, verified by the oath of the president or vice-president and the manager, setting out the capital stock of the Company and the proportion thereof paid up, the assets and liabilities of the Company, the amount and nature of the investments made by the Company, both on its own behalf and on behalf of others, and the average rate of interest derived therefrom, distinguishing the classes of securities and also the extent and value of the lands held by it, and such other details as to the nature and extent of the business of the Company as the Minister of Finance and Receiver-General requires, and in such form and with such details as he, from time to time, requires and prescribes, but the Company shall in no case be bound to disclose the name or private affairs of any person who has dealings with it.

Annual statement for Minister of Finance.

36. *The Companies Clauses Act*, being chapter 118 of the Revised Statutes, except sections 7, 13, 18, 38 and 39 thereof, shall apply to the Company. R.S.O., c. 118.

37. The Company shall have all the rights, powers and privileges of companies incorporated under *The Loan Companies Act, Canada, 1899*, in all cases where such rights, powers or privileges are not expressly defined, varied or limited in or by this Act or by *The Companies Clauses Act*, as mentioned in the next preceding section. 1899, c. 41.

SCHEDULE.

This indenture made the _____ day of _____ 1900, between the Canadian Mutual Loan and Investment Company of Toronto, of the first part, hereinafter called "the old Company," and the Canadian Loan and Investment Company of the second part, hereinafter called "the new Company."

Whereas the shareholders of the old Company have accepted and approved of the new Company's Act of incorporation, being the Act of the Parliament of Canada passed

in the year 1900, intituled "An Act to incorporate the Canadian Loan and Investment Company," and by the resolution of shareholders duly passed in that behalf the _____ day of _____

And whereas by the said Act the new Company is authorized to acquire all the assets, rights, credits, effects and property, real, personal and mixed, of the old Company.

Now this indenture witnesseth that in consideration of the said Act and of the shares in the capital stock of the new Company which are thereby vested in the shareholders of the old Company, and in consideration of the covenants by the new Company hereinafter contained, the old Company does hereby grant, assign, transfer and set over unto the new Company, its successors and assigns, for ever, all the assets, rights, credits, effects and property, real, personal and mixed, of whatsoever kind and wheresoever situated, belonging to the old Company or to which it is or may be or become entitled : to have and to hold unto the new Company, its successors and assigns, to and for their sole and only use for ever ; and the old Company covenants with the new Company to execute and deliver, at the expense of the new Company, all such further and other separate and formal assurances, assignments, transfers and conveyances for registration purposes or otherwise, as may be required to vest in the new Company, its successors and assigns, the full legal, equitable and beneficial title and interest to and in the said assets, rights, credits, effects and property, and each and every part thereof.

And in consideration of the foregoing, the new Company covenants with the old Company, its successors and assigns, that it shall and will pay, discharge and carry out and perform all debts, liabilities, obligations, contracts and duties for or in respect of which the old Company is now liable or which it should pay, discharge, carry out or perform ; and the new Company shall and will indemnify and save harmless the old Company in respect thereof.

In witness whereof, etc.