

No. 66

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1st Session, 15th Legislature, Alberta  
12 Elizabeth II

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## **BILL 66**

A Bill regulating Deposits Solicited from the Public

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HON. MR. MANNING

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## **Explanatory Note**

**1. General.** Last year the United Kingdom passed the Protection of Depositors Act, 1963 which was entitled in part as "An Act to penalise fraudulent inducements to invest on deposits; to restrict and regulate the issue of advertisements for deposits; to make special provisions with respect to the amounts to be delivered by and the supervision of companies which issue such advertisements . . .". Earlier that year, Ontario passed The Deposits Regulation Act, 1962-63, regulating the same matters. The present Bill is similar to the Ontario Act.

**2. Definitions.**

**3. Persons to whom the Act does not apply.**

# BILL

No. 66 of 1964

An Act regulating Deposits Solicited from the Public

(Assented to \_\_\_\_\_, 1964)

**H**ER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

**1.** This Act may be cited as "*The Deposits Regulation Act*".

**2.** In this Act,

- (a) "advertisement" includes any form of advertising in any media or any act, conduct, communication or negotiation or any display, writing or statement made, done, issued or published to members of the public or in a public place;
- (b) "Commission" means the Alberta Securities Commission;
- (c) "deposit" means a loan of money at interest or at a discount or repayable at a premium in money or otherwise but does not include a loan of money to any corporation in connection with the issue and sale of its bonds, debentures, notes or other written evidences of indebtedness;
- (d) "member of the public" means any section or segment of the public without regard to the numbers thereof;
- (e) "short term securities" means bonds, debentures or other evidences of indebtedness maturing within one hundred and eighty days from the date of acquisition thereof and authorized for trustee investment under subsections (1) and (2) of section 3 of *The Trustee Act*;
- (f) "solicitation of deposits" means any advertisement calculated directly or indirectly to lead to or induce the deposit of money or the investment of money on deposit by members of the public, and any reference to soliciting deposits shall be construed accordingly.

**3.** This Act does not apply to

- (a) a chartered bank,
- (b) a trust company to which *The Trust Companies Act, 1960* applies,

**4. Improper solicitation of deposits.**

**5. (1) Advertisements for deposits.**

**(2) Exemption for publishers.**

**6. (1) Security for deposits.**

**(2) Records.**

**(3) Returns.**

- (c) a credit union to which *The Credit Union Act* applies,
- (d) an issuer within the meaning of *The Investment Contracts Act*,
- (e) an association within the meaning of *The Co-operative Associations Act*,
- (f) a post office savings bank established under the *Post Office Act (Canada)*,
- (g) a treasury branch,
- (h) an insurer to which *The Alberta Insurance Act* applies, or
- (i) any person or class of persons exempted by the regulations.

**4.** No person shall solicit deposits in any manner that is false, misleading, deceptive or likely to create an erroneous impression.

**5.** (1) No advertisement soliciting deposits shall be made, done, issued or published in any manner without such advertisement first having been submitted to the Commission for its review and certification as complying with the provisions of this Act and the regulations, and no advertisement shall be made, done, issued or published without such certification.

(2) Any person who, in the ordinary course of business, makes, issues or publishes an advertisement soliciting deposits on the order or direction of another person, the making, issue or publication of which by such other person constitutes an offence under this Act, is not guilty of such offence if the matter or material contained in such advertisement was not devised or selected by such person or under his direction or control.

**6.** (1) Every person accepting or receiving deposits from members of the public shall set aside and segregate and hold separate from the other assets of any such person as security for such deposits

- (a) cash on hand, or
- (b) cash deposited in a chartered bank or treasury branch, or
- (c) short term securities,

in an amount or principal amount aggregating not less than sixty per cent of the aggregate amount of the deposits accepted or received.

(2) Every person accepting or receiving deposits from members of the public shall keep records of such deposits and the particulars of the security therefor in the form and content prescribed by the Commission.

(3) Every person accepting or receiving deposits from

(4) Inspection.

(5) Powers upon inspection.

**7. Fees.**

**8. Offences.**

**9. Regulations.**

members of the public shall furnish to the Commission a return in the prescribed form on or before the first day of January, April, July and October in each year containing information as to the particulars of the security for such deposits certified by the auditor or accountant of such person.

(4) Any person appointed by the Commission to do so may at any reasonable time inspect the books, accounts, documents and other records kept by any person receiving or accepting deposits from members of the public and may require any officer, director or employee of any such person to furnish such information as the Commission considers necessary for the purpose of ascertaining whether this Act and the regulations have been or are being complied with.

(5) For the purposes of subsection (4) the representative of the Commission has the same power

- (a) to summon and enforce the attendance of witnesses,
- (b) to compel witnesses to give evidence on oath or otherwise and to produce documents, records and things, and
- (c) to seize and take possession of any documents, records, securities or other property

as those given by subsections (3) and (4) of section 27 of *The Securities Act, 1955*, to a person making an investigation under that section.

**7.** Any advertisement submitted to the Commission for review and certification and every return, record or other information required to be filed with the Commission shall be accompanied by the fee prescribed by the regulations.

**8.** (1) Every person who contravenes this Act is guilty of an offence and liable on summary conviction to a fine of not more than five thousand dollars or to imprisonment for a term of not more than two years, or to both.

(2) Every corporation that contravenes this Act is guilty of an offence and liable on summary conviction to a fine of not more than twenty-five thousand dollars.

(3) Any officer, director or agent of a corporation who directed, authorized, assented to, acquiesced in, or participated in a contravention of this Act by that corporation is a party to and guilty of the offence and is liable on summary conviction to the fine or imprisonment or to both provided in subsection (1), whether or not the corporation has been prosecuted or convicted.

**9.** The Lieutenant Governor in Council may make regulations

- (a) exempting any person or class of persons from the application of this Act,

**10. Commencement of Act.**



- (b) prescribing the requirements with respect to the submission to the Commission, for its review and certification, of advertisements that solicit deposits,
- (c) prescribing the form and content of records of deposits and particulars of the security therefor,
- (d) prescribing the return to be furnished to the Commission by persons or corporations receiving or accepting deposits containing information as to the particulars of security therefor,
- (e) prescribing and providing for fees under this Act, and
- (f) respecting any matter necessary or advisable to carry out effectively the intent and purpose of this Act.

**10.** This Act comes into force on the day upon which it is assented to.

No. 66

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FIRST SESSION

FIFTEENTH LEGISLATURE

12 ELIZABETH II

1964

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**BILL**

An Act regulating Deposits Solicited  
from the Public

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Received and read the

First time .....

Second time .....

Third time .....

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HON. MR. MANNING

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