

BILL

No. 31 of 1916.

An Act to regulate the Sale of Shares, Bonds and other Securities of Companies.

(Assented to , 1916.)

HIS 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 Sale of Shares Act.*"

2. The expression "company" as used in this Act means and includes every company, corporation, syndicate or association of persons incorporated or unincorporated.

3. This Act shall not apply to the sale of any stocks, bonds or other securities of the Dominion of Canada or of any province thereof or of any foreign country or of any county, city, town, village, municipality, school district or local improvement district of any province or territory of Canada, or of any stocks, bonds, debentures or other securities authorized by the Board of Public Utility Commissioners or sold or listed on any stock exchange which has been approved for the purpose of this section by the said board.

4. It shall hereafter be unlawful for any person or persons, corporation or company, or any agent acting on his, their or its behalf, to sell or offer to sell or to directly or indirectly attempt to sell in the Province of Alberta any shares, stocks, bonds or other securities of any corporation or company, syndicate or association of persons, incorporated or unincorporated, other than the securities hereinbefore excepted, without first obtaining from the Board of Public Utility Commissioners a certificate to the effect hereinafter set forth and a license to such agent in the manner hereinafter provided for.

5. It shall also be unlawful for any printer, publisher, newspaper proprietor or other person hereafter to print, publish or advertise in this province, in any newspaper, magazine or other periodical printed and published in this province, or otherwise in this province issue, put forth or distribute any advertisement, circular, letter or other document containing any offer to sell or solicitation to purchase any of such shares, bonds, stocks or other securities, unless the company, corporation, association or syndicate whose shares, stocks, bonds or other securities are so offered for sale shall have first obtained from the Board of Public Utility Commissioners the certificate aforesaid.

PROCEDURE TO OBTAIN PERMISSION TO SELL.

6. Any company or any person desiring to sell any shares, stocks, bonds or other securities of any kind or character shall, before offering or attempting to sell the

same, file in the office of the Board of Public Utility Commissioners, together with a filing fee of five dollars, the following documents, to wit: A statement showing in full detail the plan upon which the company proposes to transact business; a copy of all contracts, bonds or other instruments which it proposes to make with or sell to its subscribers; a statement which shall show the name and location of the company, corporation, syndicate or association, and an itemized account of its financial condition, and the amount of its property and liabilities and such other information touching its affairs as the Board of Public Utility Commissioners may require. In the case of a co-partnership or an unincorporated association, it or such person shall also file with the Board of Public Utility Commissioners a copy of its articles of co-partnership or association, and all other papers pertaining to its organization. If it be a company, corporation or association not organized under the laws of this province, incorporated or unincorporated, it or such person shall also file with the Board of Public Utility Commissioners a copy of the laws of the state, province, country, territory or government under which it exists or is incorporated, and also a copy of its charter, articles of incorporation, constitution and by-laws and all amendments thereof which have been made and all other papers pertaining to its organization.

7. All the above described papers shall be verified by the oath of a member of a co-partnership or unincorporated association, if it be a co-partnership or unincorporated association, or by the oath of a duly authorized officer, if it be an incorporated company or association. All such papers, however, as are recorded or are on file in any public office shall be further certified to by the officer of whose records or archives they form a part, as being correct copies of such records or archives.

8. Every such company shall file with the board any amendment of its charter, memorandum or articles of association or agreement, or constitution and by-laws, when so made, in the same manner as is provided in regard to the original filing of charters, memoranda or articles of association or agreement, or constitutions and by-laws, nor shall it be lawful for any such company to transact business on any other plan than that set forth in the statement required to be filed by section 5 of this Act, or to make any contracts of a nature similar to those mentioned in the said section, other than those shown in the copy of the proposed contracts required to be so filed, until a written statement, showing in full detail the proposed new plan of transacting business, and a copy of the proposed new contract, shall have been filed with the Board of Public Utility Commissioners, in like manner as provided in regard to the original plan of business and proposed contract, and the consent of the Board of Public Utility Commissioners obtained as to making such proposed new plan of transacting business and proposed new contract.

9. Every company not incorporated within the Province of Alberta shall also, before obtaining the certificate mentioned in section 4 of this Act, file its written consent, irrevocable, that actions may be commenced against it,

in the proper court of any judicial district or judicial division in which a cause of action may arise or in which the plaintiff may reside, by the service of process on the Provincial Secretary, and stipulating and agreeing that such service of process on the Provincial Secretary shall be taken and held, in all courts, to be as valid and binding as if due service had been made upon the company itself, according to the laws of this or any other province, and such instrument shall be authenticated by the seal of said company and by the signature of a member of the co-partnership or unincorporated association, if it be a co-partnership or unincorporated association, or by the signatures of the president and secretary of the incorporated company or association, and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees or managers of the company authorizing the said secretary and president to execute the same.

10. It shall be the duty of the Board of Public Utility Commissioners to examine the statements and documents so filed, and if said board shall deem it advisable it shall make or cause to be made a detailed examination of such company's affairs, which examination shall be at the expense of such company or person desiring to sell the said shares, stocks, bonds or other securities, as hereinafter provided; and if it finds that such company is solvent, that its memorandum of association or agreement articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contracts contain and provide for a fair, just and equitable plan for the transaction of business, the Board of Public Utility Commissioners shall issue to such company or person a certificate reciting that such company has complied with the provisions of this Act, that detailed information in regard to the company and its securities is on file in the office of the Board of Public Utility Commissioners for public inspection and information, that such company is permitted to do business in this province, and such certificate shall also recite in bold type that the Board of Public Utility Commissioners in nowise recommends the securities to be offered for sale by such company.

(2) If the Board of Public Utility Commissioners finds that such memorandum of association or agreement, articles of incorporation or association, charter, constitution and by-laws, plan of business or proposed contracts contain any provisions that are unfair, unjust, inequitable or oppressive to any class of subscribers, or if it decides from its examination of its affairs that said company is not solvent and does not intend to do a fair and honest business, then the said board shall notify such company or person in writing of its findings, and it shall be unlawful for such company, or any agent on its behalf, or any such person or agent on his behalf, to sell or offer for sale in this province any of such shares, stocks, bonds or other securities, until the company shall so change its constitution and by-laws, memorandum of association or agreement, articles of incorporation or association, its proposed plan of business and proposed contracts and its general financial condition in such manner as to satisfy the Board of Public Utility Commissioners that it is solvent, and that its memorandum of association or agreement, articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contracts provide for a fair, just and equitable plan for the transaction of business.

(3) All expenses paid, or incurred, and all fees or charges received or collected for any examination made under the provisions of this section of this Act shall be reported in detail by the Board of Public Utility Commissioners and a full report and record thereof made in detail to the Provincial Treasurer.

(4) Upon any application made to the Board of Public Utility Commissioners it may grant a certificate under this Act in respect of any class or classes of stocks, bonds, shares or securities of a company, and exclude the others therefrom.

AGENTS' LICENSES.

11. Any company or any such person having obtained the certificate of the Board of Public Utility Commissioners referred to in the preceding section may appoint one or more agents, but no such agent shall do any business of the nature aforesaid for said company or person in this province until he shall first register with the Board of Public Utility Commissioners as agent for such company or person, and receive a license from the said board to do such business; such license shall be issued by the said board on payment of a fee of five dollars, and it shall be carried by such agent and produced by him to every person with whom he proposes or offers to do any such business. Such registration and license shall entitle such agent to represent said company or person as its or his agent until the first day of January following, unless said authority is sooner revoked by the Board of Public Utility Commissioners, and such authority shall be subject to revocation at any time by the said board for cause appearing to it sufficient.

(2) It shall be unlawful for any company or dealer or employee or agent of either, or any other person, to make or publish in any form any representation, statement or advertisement that any securities of any company subject to the provisions of this Act are or have been in any manner approved or endorsed by the Board of Public Utility Commissioners.

ANNUAL RETURNS.

12. Every such company shall file with the Board of Public Utility Commissioners, at least once in every period of twelve months, and at such other times as required by the said board, a statement verified by the oath of a member of the co-partnership or unincorporated association, if it be a co-partnership or unincorporated association, or by the oath of a duly authorized officer if it be an incorporated company or an incorporated association, setting forth, in such form as may be prescribed by the said board, its financial condition and the amount of its assets and liabilities, and furnishing such other information concerning its affairs as the Board of Public Utility Commissioners may require. Each such statement shall be accompanied by a filing fee of two dollars and fifty cents. Any such company failing to file such statement as aforesaid, or failing to file any other or special report herein required within thirty days after receipt of request or requisition therefor, shall forfeit its right to continue its business of selling its shares, stocks, bonds or other securities in

this province, and no person shall thereafter sell or offer for sale any of the shares, stocks, bonds or other securities of such company until permission so to do is obtained from the board.

(2) Whenever it shall appear to the Board of Public Utility Commissioners that the assets of any such company are impaired to the extent that such assets do not equal its liabilities, or that it is conducting its business in an unsafe, inequitable or unwise manner, or is jeopardizing the interest of its stockholders or investors in shares, stocks, bonds or other securities, or whenever any such company shall fail or refuse to file any papers, statements or documents required by this Act or by any order of the Board of Public Utility Commissioners, or where the company, or any person on its behalf, has published any advertisement, circular letter or other document containing any offer to sell or solicitation to purchase any of its shares, bonds, stocks or other securities, which in the opinion of the board is unfair, and misleading and not in accordance with the prospectus of the company, the said board may revoke the license or licenses granted to such company, and the license or licenses granted to any agent or agents thereof, and may cause notice of such revocation to be published in *The Alberta Gazette* and in such other manner as to it may seem expedient, and any certificate or license so revoked shall be no longer of avail to the said company or any agent thereof.

13. Every such company shall, in respect of matters within the jurisdiction of the Legislature of this province be subject to examination by the Board of Public Utility Commissioners, or its duly authorized officer or officers, at any time the said board may deem it advisable, and the said board may for that purpose exercise the powers of investigation, and incidental thereto specified in *The Public Utilities Act* and the rules made thereunder, and if the Board of Public Utility Commissioners shall see fit it may order that such company, or any applicant for such examination, shall pay the costs and expenses of such examination, to be fixed by the said board. Such costs and expenses may be recovered in the manner authorized for the recovery of costs and expenses under *The Public Utilities Act* and in addition thereto the failure or refusal of any such company to pay such costs and expenses shall work a revocation of any certificate granted to it or to an agent hereunder, which revocation shall be effectual upon notice by said board published in *The Alberta Gazette* to that effect. This section shall apply in respect of shares, stocks, bonds and securities of any corporation or company incorporated under the authority of the Parliament of Canada or of the Legislature of this province.

14. Whenever it shall appear to the Board of Public Utility Commissioners that the assets of any such company doing any of such business in this province are impaired to the extent that such assets do not equal its liabilities, or that it is conducting its business in an unsafe, inequitable or unauthorized manner, or is jeopardizing the interest of its stockholders or investors in shares, stocks, bonds or other securities by it offered for sale, or whenever any such company shall fail or refuse to file any papers, statements or documents required by this Act, without giving

satisfactory reasons therefor, the Board of Public Utility Commissioners shall at once communicate such facts to the Attorney General, who may thereupon apply to the Supreme Court, or a judge of said court, for the appointment of a receiver to take charge of and wind up the business of such company and if such fact or facts be made to appear it shall be sufficient evidence to authorize the appointment of a receiver and the making of such orders and decrees in such cases as to the said court or judge may seem meet.

PENALTIES AND FEES.

15. Any person who shall do anything forbidden by this Act or declared by this Act to be unlawful shall, on summary conviction before a police magistrate or two justices of the peace, be liable to a fine of not less than fifty dollars nor more than five hundred dollars, and, in default of payment, to imprisonment for a term not exceeding six months.

16. All fees or charges herein provided for shall be collected by the Board of Public Utility Commissioners and paid to the Provincial Treasurer for the use of the province.

17. It is declared that it shall not be an offence against this Act or unlawful for any corporation or company, or its officers or agents, or for any person who owns shares, stocks, bonds or securities thereof, to sell or attempt to sell such shares, stocks, bonds or securities, if not made in the course of continued and successive acts, provided that this provision shall not apply where a company sells or attempts to sell the whole or any part of its own issue of shares, stocks, bonds, or other securities. The printing, publication or advertisement in any newspaper, magazine or other periodical, or by any other means of display whatsoever, or the issue, putting forth or distribution of any advertisement, circular letter or other paper containing any offer to sell or application to purchase or intimation of the fact of the issue of any such shares, bonds or other securities, or prohibition by agents or employees, shall be evidence of an attempt to sell in the course of continued and successive acts in violation of this Act.

18. This Act shall come into force on the day it is assented to.

No. 31.

FOURTH SESSION
THIRD LEGISLATURE
6 GEORGE V
1916

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An Act to regulate the Sale of Shares,
Bonds, and other Securities of
Companies

Received and read the

First time.....

Second time.....

Third time.....

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J. W. JEFFERY, GOVERNMENT PRINTER,
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