

Bill No. 9 of 1937.

A BILL TO AMEND AND CONSOLIDATE THE
CO-OPERATIVE ASSOCIATIONS ACT.

NOTE.

This Bill amends and consolidates *The Co-operative Associations Act*.

By section 2 the administration of the Act is with the Minister of Trade and Industry.

Section 3 makes the unauthorized use of the word "co-operative" as part of a corporate or business name an offence.

Section 4 prohibits the registration of a co-operative association with a name identical with or resembling the name of any other association.

Section 5 provides for the incorporation of associations with the object of carrying on co-operative undertakings, enterprises and co-operative stores, industries and businesses either by wholesale or retail, and any other business for the manufacturing, processing, handling, marketing, distributing or shipping produce of farmers or other produce of members of the association.

Incorporation is effected by filing a memorandum of association with the Registrar of Joint Stock Companies after it has been approved by the Supervisor of Co-operative Activities.

Section 6 makes provision for the preparation by the Supervisor, of standard by-laws, and such by-laws when approved by order in council apply to every co-operative association, subject to such modifications only as are approved by the Supervisor. Provision is also made for the making of supplemental by-laws by an association.

Section 7 prescribes the matters which must be provided for by the by-laws of an association.

Section 8 makes all by-laws of an association binding on every member thereof; and provides for the recovery by an association of moneys owing to it by a member.

Section 9 provides for the amendment and repeal of by-laws, and makes the approval of the Supervisor necessary for the validating of any amending by-law.

Section 10 sets out the functions of directors and provides for their election and the filling of vacancies in the Board of Directors.

II.

Section 11 sets out the persons who are members of an association; section 12 permits persons over the age of 16 to be members of an association unless its by-laws provide to the contrary; section 13 permits members to hold such shares as is provided by by-law, but restricts each member to one vote and prohibits voting by proxy.

Sections 14 and 15 relate to shares and calls; the denominations of shares are such as the by-laws provide; shares may be paid for by instalments; members may withdraw in accordance with the by-laws and upon withdrawal the association may purchase the shares of a withdrawing member; the liability of a member is limited to the amount owing on his shares and the association is given a lien on shares for any debt due from the holder.

Section 16 sets out the procedure upon the election of directors.

Section 17 provides for the ousting of a director who is proved to be guilty of disloyalty without reasonable cause.

Section 18 sets out in detail the duties and obligations of associations, as to the maintenance of a head office, the use of its corporate name, the auditing of accounts, the annual statements to be rendered to the Supervisor, the inspection by members of books and records, and the furnishing to members of copies of annual returns.

It further empowers the Minister to appoint an auditor in case default is made by an association in appointing an auditor approved by the Minister.

It declares certain contraventions of the section to be an offence; and makes the directors and officers of an association individually responsible unless it is proved that they attempted to prevent the commission of the offences.

By section 19 all sums owing by a shareholder to an association are made recoverable by suit.

Section 20 enables a member to dispose of his shares in an association by a nomination in writing; and makes other provisions for dealing with the interest of deceased shareholders and the interest of persons who are mentally diseased or incompetent.

Section 21 provides as to the manner in which the contracts may be made, varied or discharged by associations.

Section 22 empowers an association to acquire and dispose of land and buildings; to advance by an association of money as the security of real or personal property; to contribute with the approval of the Supervisor to the funds of other co-operative associations; and to subscribe for the securities of any such association.

An association is prohibited from making any contribution to any association or organization which has for any of its objects the furtherance of the interests of any political party.

Section 23 empowers an association to purchase upon credit from other similar associations.

III.

Section 24 empowers an association with a paid-up capital of at least \$5,000.00, to pass a supplementary by-law authorizing the purchasing and selling of goods on credit, which by-law is valid only if approved by the Supervisor, and requires any other association to pay for goods purchased on delivery, and prohibits any other association to sell goods to shareholders, patrons or customers otherwise than for cash.

Section 25 limits the powers of directors in pledging the credit of an association; and makes it an offence to buy or sell goods or pledge credit in any manner not authorized by the Act.

Section 26 makes the consent of the Supervisor necessary before any association opens up a new retail store in any place within five miles of a store operated by another association.

Section 27 provides for the disposition of surplus, and defines the rights of members, patrons and shareholders therein.

Section 28 provides as to the manner in which mortgages held by the association may be discharged.

Section 29 prescribes as to the security to be given by certain officers of the association.

Section 30 provides for the settlement of disputes between members and the directors or other officers of any association by arbitration.

Section 31 deals with special resolutions and the matters which may be dealt with by special resolution.

Section 32 provides for the dissolution of associations, and in certain cases empowers the Lieutenant Governor in Council to dissolve an association: provision is also made for the appointment of liquidators where that course is necessary.

Section 33 prescribes the penalties for offences under the Act: provides that the consent of the Minister is necessary for the institution of prosecutions and empowers the Minister to prohibit an association which is being prosecuted from exercising all or any of its powers until the prosecution is determined.

Section 34 prescribes as to the fees payable to the Registrar.

Section 35 empowers the Lieutenant Governor in Council to make regulations for carrying out the provisions of the Act.

Section 36 makes the Act extend to existing co-operative associations.

R. ANDREW SMITH,
Legislative Counsel.

(This note does not form any part of the Bill and is offered merely as a partial explanation of some of its provisions.)

BILL

No. 9 of 1937.

An Act to amend and consolidate The Co-operative Associations Act.

(Assented to , 1937.)

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 Co-operative Associations Act, 1937.*"

2. In this Act, unless the context otherwise requires,—

- (a) "Association" means any association incorporated under this Act and any association to which this Act applies;
- (b) "Minister" means the Minister of Trade and Industry;
- (c) "Registrar" means the Registrar of Joint Stock Companies for the Province;
- (d) "Supervisor" means the Supervisor of Co-operative Activities appointed pursuant to *The Co-operative Activities Supervision Act*.

PRELIMINARY.

3.—(1) No person doing business in this Province shall use the word "co-operative" or any abbreviation or derivative thereof, as part of its corporate or business name unless incorporated by or under the authority of an Act of the Parliament of Canada or this Act or an Act of the Province which expressly authorises the use thereof.

(2) Any person contravening the provisions of this section shall be guilty of an offence against this Act.

4. No association shall be registered under a name identical with that by which any other existing association has been registered, or so nearly resembling such name as to be likely to deceive the members or the public, and the word "Limited" shall be the last word in the name of any association registered under this Act.

INCORPORATION.

5.—(1) Any ten persons or more who desire to associate themselves together as a Co-operative Association under this Act for any or all of the following purposes, namely,—

- (a) conducting and carrying on of any co-operative undertaking or enterprise or any co-operative store, industry or business, either by wholesale or by retail or both by wholesale or by retail;
- (b) conducting and carrying on in connection with any store, industry or business mentioned in paragraph (a), any other business or industry for the manufacturing, processing, handling, marketing, distributing or shipping produce of farmers, or other produce of persons who are members of the association;

may become so incorporated upon complying with the other provisions of this section.

(2) The application for incorporation shall be made in the first instance to the Supervisor, by delivering to him a memorandum of association in the Form in schedule A to this Act.

(3) The memorandum of association shall state the place at which the head office or principal place of business is to be situated and may designate other places as places at which business is to be carried on.

(4) The memorandum of association shall be signed by at least ten persons desirous of becoming so associated together, together with an affidavit verifying all the signatures of such persons; and also a copy of the rules or by-laws under which the affairs and business of the association are to be regulated, governed and managed, which shall be signed by the same persons who signed the memorandum of association, together with an affidavit verifying all such signatures; and every such application shall be accompanied with a deposit of the amount of the fee prescribed by the schedule for the incorporation of the association.

(5) In case the Supervisor in the exercise of his duties imposed upon him by section 4 of "*The Co-operative Activities Supervision Act*" approves the application, he shall transmit the memorandum and the copy of the rules and regulations, together with the affidavits verifying the signatures thereon, to the Registrar, who shall proceed to register the same and issue a certificate of incorporation of the association: in case the Supervisor does not approve the application, he shall return the deposit to the person from whom he received the same.

(6) Upon the issuance of the certificate of incorporation the subscribers to the memorandum of association and all such persons as may thereafter become members of the association, shall become a body corporate and politic under the registered name of the association.

BY-LAWS

6.—(1) With the approval of the Lieutenant Governor in Council, the Supervisor may from time to time, prescribe standard by-laws which are not inconsistent with this Act,

and any standard by-laws so prescribed shall be the by-laws of every association to which this Act applies, subject to such modifications only as are approved by the Supervisor in writing.

(2) Each association may pass such supplemental by-laws which are not inconsistent with the provisions of the standard by-laws as may be deemed advisable by the association.

(3) No supplemental by-laws shall become operative until approved by the Supervisor and recorded by the Registrar.

(4) In case there is any conflict between the provisions of any by-law of any association whenever made and any of the provisions of the standard by-laws, the provisions of the standard by-laws shall prevail, unless and until the Supervisor has approved in writing the by-law of the association which so conflicts, and upon such approval being given, the last mentioned by-law shall prevail.

7. The rules or by-laws of every association shall include any standard by-laws made pursuant to this Act, and if there are for the time being no standard by-laws then the rules or by-laws shall make provision for,—

- (a) the mode of convening general and special meetings of the members of the association;
- (b) the withdrawal of members and the expulsion of members;
- (c) the settlement of the claims of the personal representatives of deceased members;
- (d) the audit of the books of accounts of the association;
- (e) the appointment of directors who shall be not less than seven in number.

8.—(1) The rules or by-laws of every association under this Act shall bind the association and the members thereof to the same extent as if each member had subscribed his name and affixed his seal thereto, and there were in such rules or by-laws a covenant on the part of himself, his heirs, executors and administrators, with the association and every other person for the time being a member thereof to conform to such rules or by-laws subject to the provisions of this Act.

(2) All moneys payable by a member to an association under this Act shall be a debt due from such member to the association, and shall be recoverable as such in the District Court of the district in which the head office of the association is situated, or in that of the district in which such member resides, at the option of the association.

9.—(1) The rules or by-laws of the association may be repealed, altered or amended by other rules or by-laws

passed at any meeting of the association specially called for that purpose, or at any annual meeting when at least thirty days' notice to such intention to repeal, alter, or amend such by-laws or rules has been given.

(2) Provided that no new rule or by-law, or amended rule or by-law, shall have any effect until a copy thereof proved by the affidavit of the chairman or secretary of the board of directors to be a true copy of the rule or by-law, or rules or by-laws, passed in conformity to subsection (1) and unless and until the same has been approved by the Supervisor and has been filed with the Registrar.

DIRECTORS.

10.—(1) The directors shall have the general direction and supervision of the affairs and business of the association, and shall appoint a chairman and a secretary.

(2) The directors may, by resolution, appoint such managers and other officers as may deem necessary for the conduct of the affairs and business of the association and define their duties and fix their remuneration.

(3) In case any vacancy occurs in the board, the remaining directors may appoint a member of the association as a director who shall hold office until the next general meeting of the shareholders of the association.

MEMBERSHIP.

11.—(1) The subscribers to the memorandum of association shall be deemed to have agreed to become members of the association, and on the filing of such memorandum shall be entered as members on the register of members of the association.

(2) Every other person who agrees to take a share in the association and whose name is entered on the register of members shall be a member of the association.

12. A person of the full age of sixteen, may be a member of an association unless provision be made in the rules or by-laws thereof to the contrary, and may, subject to the rules or by-laws of the association, enjoy all the rights of a member (except as herein provided), and execute all instruments, and give all acquittances necessary to be executed or given under the rules or by-laws, but shall not be a director, manager, or treasurer of the association.

13. The amount of shares which a member may hold shall be such amount as he is permitted to hold by the by-laws of the association. Every member of an association shall be entitled to one vote, and no more, regardless of the number of shares held by him; and such vote shall be cast or given by the person entitled thereto and by nobody else, and shall not be cast or given by proxy.

SHARES AND CALLS.

14.—(1) The capital of every association under this Act shall be in shares of such denominations as may be mentioned in such rules or by-laws.

(2) Any share may be paid for by instalments, at such times and in such manner as may be mentioned in the rules or by-laws, provided that no single instalment shall exceed twenty per cent. of the face value of the share; but no member shall be entitled to draw more than his proportion of interest on the paid-up portion of his shares, and shares shall not be transferable unless the rules provide for their transfer.

(3) Members may from time to time withdraw upon such terms as may be specified in the rules or by-laws; and the association may acquire shares held by such members at par or the paid-up value thereof, or in the event of the share capital of the association being impaired at such a price as to the Board of Directors may appear to be fair and reasonable. The association shall extinguish the shares repurchased from withdrawing members.

15.—(1) The liability of the shareholders shall be limited, that is to say; no shareholder in any association shall be in any manner liable for or charged with the payment of any debt or demand due by the association beyond the amount remaining uncalled and unpaid of the face value of his share or shares subscribed for; and any shareholder having fully paid up the amount of his said share or shares shall be absolved from all further liability.

(2) Every association shall have a lien on the shares of any member for any debt due to it by him, and may set-off any sum credited to the member thereon in or towards payment of such debt.

ELECTIONS.

16.—(1) All elections shall be by ballot, and each member shall be entitled to one vote only, and such vote shall be cast or given by the member entitled thereto and by no other person, and no such vote shall be given by proxy.

(2) In case it happens at any time that an election of directors is not held on the day designated in the rules or by-laws of the association when it ought to have been held the association shall not for that reason be dissolved, but an election may be held on any other day in such manner as may be provided for in the rules or by-laws, or at a general meeting of the members specially called for that purpose, due notice being given of such election as in the rules provided for calling a general meeting; and all acts of the directors, until their successors are appointed, shall be valid and binding.

17. If any director is, to the satisfaction of the board, proved to be guilty of disloyalty without adequate causes being shown to the satisfaction of the board, the board may by resolution declare his office vacant and proceed to fill the vacancy in the manner provided by the by-laws.

DUTIES AND OBLIGATIONS OF ASSOCIATIONS.

18.—(1) Every association shall,—

- (a) have a head office to which all communications and notices may be addressed, and at which all process may be served, and shall send to both the Supervisor and the Registrar notice of the situation of such office, and of every change in such situation;
- (b) paint or affix, and keep painted or affixed, its name on the outside of every office or place in which the business of the association is carried on, in a conspicuous place, in letters easily legible; and have its name engraven in legible characters on its seal; and have its name mentioned in legible characters in all notices, advertisements, and other official publications of the association, and in all bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods purporting to be signed by or on behalf of such association, and in all bills of parcels, invoices, receipts, and letters of credit of the association;
- (c) at the close of every year submit accounts for audit by an auditor appointed as the rules or by-laws of the association provide, and approved by the Minister;
- (d) in the month of February in every year send to the Supervisor and the Registrar a general statement (to be called the annual return) up to and inclusive of the thirty-first day of December then last past of the receipts, expenditures, funds and effects of the association as audited, which statement shall show separately the expenditure, in respect of the several objects of the association, and shall state the name, address and calling or profession of the auditor, and the manner in which, and the authority under which, he is appointed, and together therewith shall send a copy of the auditor's report;
- (e) allow any member to inspect the books and the share register of the association at all reasonable times, at the head office of the association, or any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by the general meetings of the association, except that no such member or person, unless he be an officer of the association, or be specially authorized by a resolution thereof, shall have the right to inspect a

loan or deposit or other business account of any other member without the written consent of such member;

- (f) supply gratuitously to every member on his application, a copy of the last annual return of the association for the time being.

(2) If the association fails to recommend an auditor who meets with the approval of the Minister, the Minister may appoint an auditor, who shall have access to all the books and accounts of the association, and shall examine the general statement of the receipts, expenditures, funds and effects of the association, and verify the same with the accounts and vouchers relating thereto, and shall either sign the same, as found by him to be correct, duly vouched, and in accordance with law, or specially report to the association and to the Minister in what respect he found any entry or account incorrect, unvouched, or not in accordance with law.

(3) It shall be an offence against this Act if any association under this Act,—

- (a) fails to give any notice, send any return or document, or do, or allow to be done, any act or thing which the association is by this Act required to give, send, do or allow to be done;
- (b) wilfully neglects or refuses to do any act, or to furnish any information required for the purposes of this Act by the Supervisor or Registrar, or other person authorized under this Act, or does any act or thing forbidden by this Act;
- (c) makes a return, or wilfully furnishes information, in any respect false or insufficient.

(4) Every offence by an association against this Act shall be deemed to have been also committed by every officer of the same bound by the rules thereof to fulfil the duties whereof such offence is a breach, or if there be no such officer, then by each of the directors, unless such officer or director be proved to have attempted to prevent the commission of such offence; and every act and default under this Act constituting an offence, if continued, shall constitute a new offence in every week during which the same continues.

(5) Every return and other document required for the purposes of this Act shall be made in such form, and shall contain such particulars, as the Supervisor requires and prescribes.

(6) All documents by this section required to be sent to the Registrar shall be deposited with the rules or by-laws of the association to which the same respectively relate, and shall be registered or recorded by the Registrar, with such observations thereon, if any, as he shall see fit.

THE CO-OPERATIVE ASSOCIATIONS ACT.

19. All moneys payable by a shareholder to an association under this Act shall be a debt due from such shareholder to the association and shall be recoverable as such in any court of competent jurisdiction.

PRIVILEGES.

20.—(1) Any member of an association not being under the age of sixteen years, may, by writing under his hand, delivered at or sent to the head office of the association, nominate any person not being an officer or servant of the association (unless such officer or servant is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator) to whom his shares in the association shall be transferred at his decease, and may from time to time revoke or vary such nomination by writing under his hand similarly delivered or sent, but not otherwise; and every such association shall keep a book wherein the names of all persons so nominated shall be regularly entered, and the shares affected by such entry shall be transferable to the nominee, although the rules of the association declare its shares to be generally not transferable; and on receiving satisfactory proof of the death of a nominator the directors shall either transfer the shares in manner directed by such nomination, or at their option pay to every person entitled thereunder the full value of his interest.

(2) If any member of an association entitled at his death to an interest in the association dies intestate, and without having made any nomination under this Act which remains unrevoked at his death, such interest shall be transferred or paid without letters of administration to or among the persons who appear to a majority of the directors, upon such evidence as they may deem satisfactory, to be entitled by law to receive the same.

(3) Whenever the directors, after the decease of any member, make any payment or transfer to any person who at the time appears to them to be entitled under this section, the payment or transfer shall be valid and effectual against any demand made upon the directors or the association by any other person.

(4) Where a member or person claiming through a member of an association is by reason of mental disease or mental defect incapable of the management of his own affairs, and no committee of his estate or trustee of his property has been duly appointed, the association may upon the submission of evidence to the directors which satisfies them that he is so incapable, pay the amount of the shares, loans and deposits belonging to such member or person to any person whom they shall judge proper to receive the same on his behalf, and their receipt shall be a good discharge to the association for any sum so paid.

(5) A promissory note or bill of exchange shall be deemed to have been made, accepted, or endorsed on behalf of any association under this Act, if made, accepted or endorsed in the name of any such association or by or on behalf or account of the association by any person acting under authority of the association.

(6) Any register or list of members or shares kept by any association under this Act shall be *prima facie* evidence in any Court of any of the particulars entered therein, as to,—

- (a) The names, addresses and occupations of the members, the number of shares held by them respectively, the numbers of such shares, if they are distinguished by numbers, and the amount paid, or considered as paid, on any such shares;
- (b) The date at which the name of any person, company or association was entered in such register or list as a member;
- (c) The date at which any such person, company or association ceased to be a member.

CONTRACTS.

21.—(1) Contracts on behalf of any association under this Act may be made, varied or discharged as follows:

- (a) Any contract which, if made between private persons, would be by law required to be in writing and under seal, may be made on behalf of the association in writing under the common seal of the association, and may in the same manner be varied or discharged;
- (b) Any contract which, if made between private persons, would be by law required to be in writing, signed by the persons to be charged therewith, may be made on behalf of the association in writing by any person acting under the authority of the association, and may in the same manner be varied or discharged;
- (c) Any contract which, if made between private persons, would be by law valid, though made by parol only, and not reduced into writing, may be made on behalf of the association by a writing not under seal, signed by any person acting under the authority of the association;
- (d) A signature purporting to be made by a person holding any office in the association shall, *prima facie*, be taken to be the signature of a person holding, at the time when the signature was made, the office so stated.

(2) Any contract which may be or has been made, varied or discharged according to the provisions contained in the

preceding subsection shall, so far as concerns the form thereof, be effectual in law and binding on the association, and all other parties thereto.

PROPERTY AND FUNDS.

22.—(1) Any association may (if its rules do not direct otherwise) hold, purchase, or take on lease in its own name any land and may sell, exchange, mortgage, lease or build upon the same, and no purchaser, assignee, mortgagee or tenant shall be bound to inquire as to the authority for any such sale, exchange, mortgage or lease by the association, and the receipt of the association shall be a discharge for all moneys arising from or in connection with such sale, exchange, mortgage or lease.

(2) The rules may provide for the advancing of money by the association to members on the security of real or personal property.

(3) With the approval of the Supervisor the association may contribute to the funds or capital of any association or society incorporated by or under the provisions of any Act of the Legislature of Alberta, having objects wholly or in part similar to those of co-operative associations and may subscribe for, purchase, hold, acquire or dispose of bonds, debentures, or securities thereof. Such contribution must be approved by a majority of shareholders at a special meeting.

(4) No association shall make any contribution either in money or in kind, either directly or indirectly to any association or organization of any description which has for its object or for one of its objects the furtherance of the interests of any political party.

CREDIT TRANSACTIONS.

23. Any association may purchase upon credit from any other co-operative association or any company, association or society incorporated by any special Act of the Legislature of Alberta having objects wholly or in part similar to those of co-operative associations.

24.—(1) Any association which conducts a retail business, and has a paid-up capital of at least five thousand dollars may by supplementary by-law authorize the doing by the association of any or all of the following acts, namely, the purchasing of goods on credit, the selling of goods on credit, the pledging of the credit of the association for moneys borrowed to pay for goods so purchased or expenses incurred in connection therewith or for the shipment thereof; but no such by-law shall have any force unless and until the same has been signed by at least two-thirds of the members of the association and has been approved by the Supervisor.

(2) Upon receipt of such a by-law and of a certificate signed by the president and secretary-treasurer, that the

amount of the paid-up capital of the association is not less than five thousand dollars, the registrar shall, if the by-law is approved by the Supervisor, forthwith furnish the association with a certificate to the effect that the association is duly authorized to do the things which it is authorized by the by-law to do.

(3) The registrar shall on payment of twenty-five cents furnish a certified copy of the certificate to any person who applies therefor.

(4) The annual return made by an association to the registrar shall be *prima facie* evidence as to the amount of the then paid-up capital of the association.

(5) Every other association shall pay for all goods, wares and merchandise purchased by it upon delivery.

(6) No other association shall sell goods, wares, or merchandise to its shareholders, patrons or customers on credit or in any other manner than for cash.

25.—(1) The directors shall not pledge the credit of the association except as aforesaid and except for the purchase price or rental of business premises, insurance, salaries and incidental expenses, or for moneys borrowed to pay for goods purchased or expenses incurred in connection therewith or the shipment thereof.

(2) Every association and every director and officer of an association which purchases or sells goods, wares or merchandise in any manner is not authorized by this section, or section 25, or which pledges the credit of the association in any way which is prohibited by this section and is not authorized by a supplementary by-law made pursuant to section 24 shall be guilty of an offence against this Act.

NEW SHOPS AND STORES.

26. No association shall commence to operate any store or shop for the sale by retail of any goods, wares or merchandise in any place which is within five miles of any shop or store which is being operated by any other association without the consent in writing of the Supervisor first had and obtained; and such consent shall not be given if in the opinion of the Supervisor the operation of another store or shop would not be in the public interest and would tend to be detrimental to the interests of such other association.

DISPOSITION OF SURPLUSES.

27.—(1) The directors shall apportion the surplus arising from the business of the association as follows:

- (a) by setting aside not less than ten per cent. of the net surplus for a reserve fund until an amount has accumulated in such fund equal to at least thirty per cent. of the paid-up capital stock;

(b) by setting aside not exceeding five per cent. for co-operative education or welfare fund;

(c) by paying interest on the paid-up capital stock at a rate not exceeding five per cent. per annum.

(2) The remainder of the surplus shall be divided among the patrons and shareholders and members in proportion to the volume of business which they have done with the association.

(3) Notwithstanding the provision contained in subsection (2) an association may by supplemental by-law, adopted at a general meeting and approved by the registrar, provide:—

(a) that the scale of dividends due to patrons or shareholders and members under that subsection may vary as between the different kinds or classes of commodities in such proportion as may be determined by the directors;

(b) that the directors may declare that no dividend shall be paid in respect of the purchase of such commodities or kinds or classes of commodities as the directors may determine.

(4) An association may, by supplemental by-law, provide that dividends or interest, or both, due to a shareholder or patron, shall:—

(a) be placed to his credit or share capital account for the payment of any balance outstanding on shares allotted or for the purchase of additional shares as the case may be; or

(b) be placed to his credit on loan capital account which may, on such dates as may be mentioned in the by-law, be credited with interest at a rate not exceeding five per cent. per annum on the amounts from time to time contained therein;

(c) that no dividends be paid to a non-shareholder patron, but that such dividends after the patron has signed an application for membership, be placed to his credit until they amount to the value of one fully paid share.

(5) A shareholder may, if he so desires, have his loan capital, or any portion thereof, placed to his credit to be used by him for the purchase of the commodities from the association.

(6) A shareholder may, after giving ninety days' notice in writing to the secretary of the association, withdraw any sum at the credit of his loan capital account, or any portion thereof.

(7) When all shares allotted to a shareholder are fully paid, or when a share has been allotted under subsection (4), and an amount equal to the par value of one share has accumulated in such share capital account, a share certifi-

cate for such share shall be issued to the shareholder, and so on until he holds such number of shares as may be prescribed in the by-law passed pursuant to subsection (4).

28. A receipt under the hand of the chairman of the board of directors of any association under this Act, countersigned by the secretary, in the Form contained in schedule B to this Act, or in any form specified by the rules of the association, or any schedule thereto, for all moneys secured to such association by any mortgage or other assurance, indorsed upon or annexed to such mortgage or other assurance, shall when registered in the proper office, vacate the same, and shall vest the property therein described in the person entitled to the equity of redemption of the same without any conveyance, and a registrar under *The Land Titles Act* shall accept such receipt, provided the same is in the form required by *The Land Titles Act*, as satisfactory proof of the satisfaction of the mortgage or other assurance.

29. Every person appointed to an office touching the receipt, management or expenditure of money, or with the receipt of goods, wares, or merchandise for the purposes of an association under this Act, shall, before entering upon the duties of his office, give such security as is deemed sufficient by the directors, which security may be varied in amount or renewed from time to time, and may be in the Form contained in schedule C to this Act.

30. Every dispute between any member or members of an association under this Act, or any person claiming through or under a member, or under the rules or by-laws of the association, and the directors, treasurer, or other officer thereof, shall be decided by arbitration in manner directed by the rules or by-laws of the association, and the decision so made shall be binding and conclusive on all parties without appeal, and application for the enforcement thereof may be made to the District Court.

SPECIAL RESOLUTIONS.

31.—(1) A special resolution shall be passed by a majority of not less than three-fourths of such members of an association, for the time being entitled under the rules to vote, as may be present in person at any general meeting, of which notice, specifying the intention to propose such resolution, has been duly given according to the rules.

(2) Such resolution shall be confirmed by a majority of such members, for the time being entitled under the rules to vote, as may be present in person at a subsequent general meeting, of which notice has been duly given, held not less than fourteen days and not more than one month from the day of the meeting at which such resolution was first passed.

(3) Any association may, by special resolution change its name, but no such change shall effect any right or

obligation of the association, or of any member thereof, and any pending legal proceedings may be continued by or against the association, notwithstanding its new name.

(4) Any two or more associations under this Act may, by special resolution of both or all such associations, become amalgamated together as one association, with or without any dissolution or division of the funds of such association, or either of them; and any association may, by special resolution, transfer its engagements to any other registered association, which may undertake to fulfill the engagements of such association.

(5) No amalgamation or transfer of engagements shall prejudice any right of a creditor of any association which is a party thereto.

(6) A copy of every special resolution for any of the purposes mentioned in this section, signed by the chairman of the meeting and countersigned by the secretary, shall be sent to the Supervisor and the Registrar and registered, and until such copy is so registered such special resolution shall not take effect.

DISSOLUTIONS OF ASSOCIATIONS.

32.—(1) An association under this Act may be dissolved in either of the ways following, namely:

(a) By filing with the Registrar an instrument of dissolution, executed by not less than two-thirds of the members of the association, which shall contain:

- (i) a statement that it is desirable to dissolve the association;
- (ii) a statement in detail of the assets and liabilities of the association;
- (iii) the names and last known addresses of all the members of the association; a detailed list of the creditors of the association, together with the amount of each creditor's claim; and with the instrument of dissolution shall be filed one or more sufficient affidavits verifying the execution of the said instrument and the truth of the statements therein contained; or

(b) The Lieutenant Governor in Council, being satisfied, upon the report of the Supervisor of Co-operative Activities, that an association has ceased to carry on business for a period of not less than two consecutive years immediately prior to the making of the said report, and that it is desirable that such association should be dissolved, may order that the same be dissolved.

(2) The Registrar shall, immediately after he has filed any instrument of dissolution, cause a notice thereof to be advertised at the expense of the association in *The Alberta*

Gazette, and in some newspaper circulating in the district in which the head office of the association is or was last situated.

(3) Notice of every Order in Council dissolving an association shall be advertised by the Registrar in *The Alberta Gazette*, and in a newspaper circulating in the district in which the head office of the association is or was last situated.

(4) Upon the publication in *The Alberta Gazette* of any such notice as aforesaid, the association affected thereby shall cease to exercise or have any of the powers conferred upon it by its incorporation save and except only for the purpose of doing all acts and things necessary for the purpose of winding up its concerns, and of suing and being sued in respect of all the claims and liabilities outstanding at the date of dissolution or coming into existence in the course of winding up.

(5) The Lieutenant Governor in Council, upon being satisfied by the report of the Supervisor of Co-operative Activities that an association which has been dissolved in either of the ways above mentioned cannot for any reason conveniently appoint officers to wind up the affairs of the association, may appoint one or more persons as the liquidator or liquidators of the concerns of the association. Notice of every such order shall be published in *The Alberta Gazette* at the expense of the association, and upon such publication, the liquidators or liquidator, so appointed, shall have and exercise all the powers conferred by incorporation upon the association, or by any by-law upon the directors or any other official of the association for the purpose of selling or otherwise disposing of the property of the association and distributing the same amongst the persons by law entitled to the same.

OFFENCES AND PENALTIES.

33.—(1) Every person who is guilty of any offence under this Act shall be liable on summary conviction therefor to a penalty of not more than one hundred dollars and costs and in default of payment to imprisonment for a term of not more than sixty days.

(2) No prosecution under this Act shall be instituted or commenced without the consent of the Minister.

(3) Upon the commencement of any prosecution in conformity to this section against any association or the directors of any association, the Minister may in his discretion by order prohibit the association from exercising all or any of its powers or transacting all or any part of its business until the prosecution is determined; and if any association or any director or officer thereof exercises any power or transacts any business which is so prohibited, the association, director or officer as the case may be, shall be guilty of an offence under this Act.

MISCELLANEOUS.

34. The services of the Registrar for which fees are payable shall be those set out in schedule D to this Act and the amount of such fees shall be as set out therein, and all sums paid to the Registrar on account of such fees shall be paid into and form part of the general revenue fund.

35. The Lieutenant Governor in Council may from time to time make such regulations and orders not inconsistent with this Act as are necessary to carry out the provisions of this Act according to their true intent.

36. The provisions of this Act shall extend and apply to all Co-operative Associations incorporated under the provisions of *The Co-operative Associations Act*.

37. *The Co-operative Associations Act*, being chapter 160 of the Revised Statutes of Alberta, 1922, is hereby repealed.

38. This Act shall come into force on the day upon which it is assented to.

SCHEDULE A.

(Section 5).

FORM OF MEMORANDUM OF ASSOCIATION.

We
 (insert the name, addition and address of each subscriber),
 do hereby express our desire to form an association under
 the provisions of *The Co-operative Associations Act*. The
 corporate name of the association is to be.....
 (insert name of association),
 Limited, and the objects for which the association is to be
 formed are
 (insert objects for which association is formed); the num-
 ber of shares is to be unlimited; and the capital is to consist
 of shares of..... (insert amount of shares)
 each, or of such other amount as shall from time to time be
 determined by the rules or by-laws of the association. The
 number of Directors who shall direct and supervise the con-
 cerns of the association shall be.....
 (insert the number of Directors), and the names of such
 Directors, until their successors are appointed under the
 rules or by-laws of the association to be formed, are.....

 (insert names), and the name of the place at which the head

office or principal place of business is to be situated.....
 (insert name).
 Dated the..... day of....., 19.....
 WITNESS:

 (Signatures).

SCHEDULE B.

(Section 28.)

RECEIPT OF ACKNOWLEDGMENT OF PAYMENT OF MORTGAGE OR OTHER INCUMBRANCE.

1, *C.D.*, the mortgagee (or incumbrance or assignee as the case may be), do acknowledge to have received all the moneys due or to become due under the within mortgage (or incumbrance, as the case may be), and that the same is wholly discharged.

In witness whereof I have hereunto subscribed my name this..... day of....., 19.....
 Signed by the above named
C.D., in the presence of

.....
 (Signature)

.....
 (Signature)

SCHEDULE C.

(Section 29.)

FORM OF BOND.

Know all men by these presents, that we, *A.B.*, of.....
 one of the officers of the.....
 Association Limited, established at.....
 in the district of..... in the
 Province of Alberta, and *C.D.*, of.....
 (as surety on behalf of the said *A.B.*) are jointly and severally held and firmly bound to the said association in the sum of..... dollars
 to be paid to the said association, or its attorney, for which payment well and truly to be made, we jointly and severally bind ourselves, and each of us, and each of our heirs, executors, and administrators firmly by these presents.

Sealed with our seals.

Dated the..... day of....., 19.....

Whereas the above bounden *A.B.*, has been duly appointed to the office of..... of the
 association, established as aforesaid, and he together with the above bounden *C.D.*, as his surety, have entered into the above written bond, subject to the condition hereinafter contained. Now, therefore, the condition of the above written bond is such, that if

the said *A.B.* doth render a just and true account of all moneys received and paid by him on account of the said association, at such times as the rules or by-laws thereof appoint, and doth pay over all the moneys remaining in his hands, and assign and transfer or deliver all property (including books and papers) belonging to the said association in his hands or custody to such person or persons as the said association or the trustees thereof appoint, according to the rules or by-laws of the said association, then the above written bond shall be void, otherwise it shall remain in full force.

In witness whereof we have hereunto set our hands and seals this..... day of....., 19.....
Signed, sealed and delivered,
in the presence of
.....

SCHEDULE D.

(*Section 34.*)

TABLE OF FEES TO BE PAID TO THE REGISTRAR UNDER THIS ACT.

Application for registration and filing	
By-Laws or Rules	\$5.00
Each Search25
Every cancellation of Registry.....	2.50
Filing any document.....	.25
Filing amended By-Laws or Rules.....	2.50

THIRD SESSION
EIGHTH LEGISLATURE
1 GEORGE VI
1937

BILL
An Act to amend and consolidate The
Co-operative Associations Act.

Received and read the

First time.....

Second time.....

Third time.....

HON. DR. CROSS.

EDMONTON:
A. Shnitka, King's Printer
1937