

CHAP. 3

An Act respecting the issue of bonds of the Province to the amount of fifteen million dollars for the purposes of the fusion of La Banque d'Hochelaga and La Banque Nationale.

[Assented to, the 15th of February, 1924]

Preamble. **W**HEREAS La Banque Nationale, body politic, duly incorporated according to law, having its head office in the city of Quebec, has, on the third day of January, one thousand nine hundred and twenty-four, entered into, with La Banque d'Hochelaga, body politic, duly incorporated according to law, having its head office in the city of Montreal, the following contract:

"CONTRACT

BETWEEN

LA BANQUE NATIONALE, body politic, duly incorporated according to law, having its head office in the city of Quebec, hereinafter called "the Vendor",

AND

LA BANQUE d'HOCHELAGA, body politic, duly incorporated according to the law, having its head office in the city of Montreal, hereinafter called "the Purchaser".

WHEREAS the Vendor, in the interests of its depositors, creditors and shareholders, has offered to sell to the Purchaser all its assets, upon the conditions hereunder set forth, after complying with the provisions of The Bank Act;

WHEREAS the Purchaser is willing to buy all the assets of the Vendor, upon the conditions hereinafter set forth, and provided the Province of Quebec, in order to facilitate the transaction and to constitute liquid assets proportionate to the liabilities of the Vendor, issue and transfer, in full ownership and without reserve, to the Purchaser, fifteen million dollars (\$15,000,000) of its bonds;

THE PRESENTS ARE TO CERTIFY THAT:

1. This contract is made conditional upon the Government of the Province, authorized by the Legislature, agreeing to issue and deliver in full ownership to La Banque

d'Hochelaga, as soon as the present contract shall have been approved of by the Governor-General-in-Council, fifteen million dollars (\$15,000,000) of bonds of the Province, maturing in forty years, in \$1,000 denominations, payable to bearer with privilege of registration and negotiable without restriction, dated March 1st, 1924, bearing interest at the rate of 5 per cent per annum payable semi-annually to bearer on September 1st and March 1st of each year, upon presentation of the coupons attached thereto, and that solely upon the conditions and for the consideration hereinafter set forth, namely:

(a) La Banque d'Hochelaga shall reimburse the Province at the dates of maturity of interest coupons, but only insofar as its revenues as described in paragraphs (i), (j) and (k) will permit, any amount of interest the Province may have been called upon to disburse for the payment of such interest coupons;

(b) La Banque d'Hochelaga shall pay the Province, on or before March 1st of each year, a sum which, including the interest capitalized at the rate of 5 per cent per annum, will redeem the principal of the bonds in forty years, namely \$124,172.40, but only out of its revenues as described in paragraphs (i), (j) and (k), and after deducting the reimbursement of the interest, mentioned in the preceding paragraph, and a yearly dividend of 10 per cent on the capital of the said Bank presently paid-up or which may be paid-up in future;

(c) La Banque d'Hochelaga shall have the privilege of anticipating the instalments mentioned in paragraph (b), and the instalments thus anticipated shall bear interest at the rate of 5 per cent per annum, the said interest being itself capitalized at the same rate;

(d) La Banque d'Hochelaga shall not pay its shareholders a dividend of over 10 per cent in the course of a year without having paid the Province the amount of \$124,172.40 above referred to, unless the instalment or instalments have been anticipated;

(e) La Banque d'Hochelaga shall, as long as the contract provided for in the present article is in force, submit, for the approval of the Lieutenant-Governor in Council of the Province, the name of one of the two auditors to be submitted to the shareholders in order that they make the nomination provided for by The Bank Act, and if the shareholders do not appoint the person approved of by the Lieutenant-Governor in Council, the latter may then appoint a third auditor;

(f) La Banque d'Hochelaga may, at all times, terminate the contract provided for in the present article,

by returning to the Province the bonds above described and the coupons not yet due, and in such case the Province shall repay La Banque d'Hochelaga all the instalments made by the latter under paragraphs (b) and (c), with capitalized interest as above mentioned;

(g) If any of the reimbursements provided for by paragraph (a) be not made, in whole or in part, the amount shall be added to the principal of the bonds and, in such case, the reimbursements provided for by paragraph (a) shall be increased by the interest at 5 per cent on the amount not reimbursed, but the instalments provided for by paragraph (b) shall not be increased thereby and the stipulations of paragraph (h) shall apply;

(h) Should the instalments provided for by paragraph (b) be neither made nor anticipated according to the stipulations of paragraph (c) and should the total amount of the instalments made and the interest capitalized, as above mentioned, be insufficient to cover at maturity the amount in principal of the bonds above referred to, La Banque d'Hochelaga shall, until full payment of the balance with interest, continue to make the reimbursement and instalments provided for, upon the same conditions;

(i) The revenues of La Banque d'Hochelaga for the above purposes shall be determined according to the practice of said Bank, and shall be those which, without the stipulations of the present article, would have been available for the purposes of dividends or of increase either of the reserve fund or of the credit balance of the "Profit and Loss Account";

(j) The revenues as above described, which shall be taken into consideration, will be (1st) insofar as the reimbursements provided for by paragraph (a) are concerned, those determined for the half fiscal year preceding the dates of reimbursement, and (2nd) insofar as the instalments provided for by paragraph (b) are concerned, those determined for the fiscal year preceding the date of the instalment;

(k) In the event of any difference of opinion as to the stipulations of paragraphs (i) and (j) the question shall be decided by an expert accountant chosen by mutual agreement or, in case of disagreement, selected by the President of the Canadian Bankers' Association;

2. If this condition be fulfilled and if the Government of the Province bind itself, as stipulated above, the Vendor sells and the Purchaser buys, without any reserve, all the assets and rights of the Vendor of whatsoever kind and wheresoever situated.

For this consideration, and under these conditions, the Purchaser binds itself:

(a) To issue and deliver to the Vendor, in payment of the purchase price, after approval of this sale and of the present contract by the Governor-General in Council, according to the stipulations of The Bank Act, one million, five hundred thousand dollars (\$1,500,000.00) of the capital stock of the Purchaser, to be distributed among the shareholders of the Vendor, according to their rights, namely: one share of the capital stock of the Purchaser for two shares of the capital stock of the Vendor issued and allotted before December 15th, 1923;

(b) To assume and pay all notes not redeemed and outstanding issued by the Vendor and intended for circulation;

(c) To assume, satisfy and discharge the deposits and all liabilities and obligations of every kind whatsoever of the Vendor, among which, for the purpose of this contract only, are included the bonds of La Machine Agricole Nationale Limitée, to the amount of \$680,000.00, with one year's interest, presently in the hands of the public;

(d) To comply with the provisions The Bank Act applicable in this connection;

(e) To pay all expenses and disbursements of the Vendor subsequent to the completion of the sale and purchase contract, including the expenses and disbursements which may result from the distribution of the proceeds of the sale among the shareholders of the Vendor;

3. As consideration of this purchase, the Vendor agrees:

(a) To duly obtain the approval of the Governor-General in Council as soon as it will have concluded the present sale and purchase contract, after the necessary approval of its shareholders and the notices required by The Bank Act.

(b) To comply with all the other provisions of The Bank Act applicable in this connection;

(c) To execute all transfers, documents or contracts required by the Purchaser and to do everything the Purchaser shall ask and consider necessary or useful for the completion of the sale and the transfer of all the assets and rights of the Vendor, and to give effect to this sale and to this transfer, as provided for in The Bank Act;

(d) To assist the Purchaser in obtaining that the name of said Purchaser be changed into that of "La Banque Nationale de Quebec", or into another at the Purchaser's choice;

(e) That there has been recently and that there shall be in future no obligation nor liability contracted other than those resulting from the ordinary and current transactions of the Vendor;

MADE AND SIGNED in duplicate this third day of January, one thousand nine hundred and twenty-four, and subject to the approval of the shareholders and of the Governor-General in Council.

LA BANQUE NATIONALE,

(Signed) GEO. E. AMYOT,
President.

(Signed) H. DESRIVIÈRES,
General Manager.

(Signed) GUS. BERNIER,
Witness as to LA BANQUE NATIONALE.

LA BANQUE D'HOCHELAGA,

(Signed) J. A. VAILLANCOURT,
President,

(Signed) BEAUDRY LEMAN,
General Manager.

(Signed) ERNEST GUIMONT,
Witness as to LA BANQUE D'HOCHELAGA."

Whereas it is in the public interest, in order to facilitate the carrying out of the above contract, that the Government of this Province intervene for the purposes of helping to constitute immediately realizable assets proportionate to the liabilities of La Banque Nationale and that it issue in favour of La Banque d'Hochelega and deliver to it bonds of the Government of the Province of Quebec to the amount of \$15,000,000.00 upon the conditions set forth in the above contract and in that to be entered into between the Government and La Banque d'Hochelega;

Whereas the Minister of Finance of Canada has approved of this fusion and it is expedient to permit the Lieutenant-Governor in Council to authorize the Provincial Treasurer to issue the said bonds;

Therefore, His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

Lt.-Govern-
or in Coun-
cil author-
ized to enter

1. The Lieutenant-Governor in Council is authorized to enter into a contract with the said Banque d'Hochelega by which he will deliver and convey to the latter, in full

ownership, bonds to the amount of \$15,000,000.00, maturing in forty years, in \$1,000 denominations payable to bearer with privilege of registration and negotiable without restriction, dated March 1st, 1924, bearing interest at the rate of 5 per cent per annum payable semi-annually to bearer on September 1st and March 1st of each year, upon presentation of the coupons attached thereto, the said contract to contain the following conditions or any others of like tenor, namely:

1. La Banque d'Hochelaga shall reimburse the Province of Quebec at the dates of maturity of interest coupons, but only insofar as its revenues, as described in paragraphs 9, 10 and 11 of this section, will permit, any amount of interest the Province may have been called upon to disburse for the payment of such interest coupons;

2. La Banque d'Hochelaga shall pay into the hands of the Provincial Treasurer, on or before March 1st of each year, a sum which, including the interest capitalized at the rate of 5 per cent per annum, will redeem the principal of the bonds in forty years, namely \$124,172.40, but only out of its revenues, as described in paragraphs 9, 10 and 11 of this section, and after deducting the reimbursement of the interest mentioned in the above paragraph 1, and a yearly dividend of 10 per cent on the capital of La Banque d'Hochelaga presently paid-up or which may be paid-up in future;

3. La Banque d'Hochelaga shall have the privilege of anticipating the instalments mentioned in the above paragraph 2, and the instalments thus anticipated shall bear interest at the rate of 5 per cent per annum, the said interest itself being capitalized at the same rate;

4. La Banque d'Hochelaga shall not pay its shareholders a dividend of over 10 per cent in the course of a year without having paid the Province of Quebec the amount of \$124,172.40 above referred to, unless the instalment or instalments have been anticipated;

5. La Banque d'Hochelaga shall submit for the approval of the Lieutenant-Governor in Council the name of one of the two auditors to be submitted to the shareholders in order that they make the nomination provided for by The Bank Act; and if the shareholders do not appoint the person approved of by the Lieutenant-Governor in Council, the latter may then appoint a third auditor;

6. La Banque d'Hochelaga may, at all times, terminate the said contract, by returning to the Province of Quebec the bonds above described and the coupons not yet due, and in such case the Province shall

repay La Banque d'Hochelega all the instalments made by the latter under the above paragraphs 2 and 3, with capitalized interest as above mentioned;

7. If any of the reimbursements provided for by the above paragraph 1 be not made, in whole or in part, the amount shall be added to the principal of the bonds and, in such case, the reimbursements provided for by the said paragraph 1 shall be increased by the interest at 5 per cent on the amount not reimbursed, but the instalments provided for by the above paragraph 2 shall not be increased thereby and the stipulations of paragraph 8 hereinafter shall apply;

8. Should the instalments provided for by the above paragraph 2 be neither made nor anticipated according to the stipulations of the above paragraph 3 and should the total amount of the instalments made and the interest capitalized as above mentioned be insufficient to cover at maturity the amount in principal of the bonds above referred to, La Banque d'Hochelega shall, until full payment of the balance with interest, continue to make the reimbursement and instalments above provided for, upon the same conditions;

9. The revenues of La Banque d'Hochelega for the purposes of the said contract shall be determined according to the practice of said Bank, and shall be those which, without the stipulations of the said contract, would have been available for the purposes of dividends or of increase either of the reserve fund, or of the credit balance of the "Profit and Loss Account";

10. The revenues, as above described, which shall be taken into consideration will be (a) insofar as reimbursements provided for by the above paragraph 1 are concerned, those of the half fiscal year preceding the dates of reimbursement, and (b) insofar as the instalments provided for by the above paragraph 2 are concerned, those of the fiscal year preceding the date of the instalment;

11. In the event of any difference of opinion as to the stipulations of the above paragraphs 9 and 10 the Government of the Province and La Banque d'Hochelega shall be governed by the decision of an expert accountant chosen by mutual agreement or, in case of disagreement, selected by the President of the Canadian Bankers' Association;

12. In carrying out the undertaking assumed by La Banque d'Hochelega, under the contract entered into between it and La Banque Nationale, reproduced in the preamble of this act, to pay the bonds of La Machine Agricole Nationale, Limitée, to the amount of \$680,000.00,

with one year's interest, now held by the public, La Banque d'Hochelega shall pay:

a. To the present holders of such bonds, who were holders thereof on December 1st, 1923, the full amount of such bonds, with, in addition, one year's interest;

b. To the present holders of such bonds, who acquired the same after December 1st, 1923, the amount actually disbursed to acquire the same, the difference between such amount and that of the bond to be paid to the person who was the last holder on the said 1st of December, 1923.

However La Banque d'Hochelega may make these payments only on authorization of the Quebec Public Service Commission given after the fulfilment of the formalities hereinafter prescribed.

La Banque d'Hochelega must, from time to time, transmit to the Quebec Public Service Commission, at the office of the Commission in Quebec, the lists of claims submitted to it by the persons mentioned in the above sub-paragraphs *a* and *b*.

On receipt of such lists, the secretary of the Commission shall cause them to be inserted in a newspaper in the French language and in a newspaper in the English language of the city of Quebec, and in both languages in the newspaper or newspapers published in the district of Montmagny, accompanied by a notice stating that at the date therein mentioned, which must not be less than 15 days after the publication of the notice, the Quebec Public Service Commission will, at its office, at the Quebec Court House, examine the claims of the persons mentioned in such lists and adjudicate thereon, after hearing all those who appear before it to establish or to oppose the rights of the claimants.

The Commission, after ascertaining, by all means calculated to enlighten it, the justice of the claims and oppositions in conformity with the above sub-paragraphs *a* and *b*, shall decide which persons have a right to be paid and in what proportion. This decision, final and without appeal, shall be communicated by the secretary of the Commission to La Banque d'Hochelega and the latter shall be bound to conform thereto.

2. For the purposes of the said contract the Lieutenant-Governor in Council may authorize the Provincial Treasurer to issue, in the name of the Province, bonds to the amount of \$15,000,000.00, maturing in forty years, in \$1,000 denominations, payable to bearer with privilege of

Govt. bond
issue for
purposes of
contract.

- registration and negotiable without restriction, dated March 1st, 1924, bearing interest at the rate of 5 per cent per annum payable semi-annually to bearer on September 1st and March 1st of each year, upon presentation of the coupons attached thereto, and to deliver and convey such bonds to La Banque d'Hochelaga, in the manner and upon the terms and conditions set forth in section 1 of this act.
- Delivery to La Banque d'Hochelaga.** Such bonds and coupons shall be payable at the places determined by the Lieutenant-Governor in Council.
- Where payable.**
- Authorization by Lt.-Governor in Council.** **3.** The Lieutenant-Governor in Council may also authorize the carrying out of all the acts and the accomplishment of everything contemplated by section 1 of this act.
- Sinking-fund.** **4.** These instalments of \$124,172.40 each, paid into the hands of the Provincial Treasurer by La Banque d'Hochelaga as sinking-fund for the reimbursement of the capital of \$15,000,000.00, above mentioned, shall form a special fund which shall be set apart for the redemption of the said bonds and which shall be invested in the manner determined from time to time by the Lieutenant-Governor in Council.
- Coming into force.** **5.** This act shall come into force on the day of its sanction.

C H A P . 4

An Act to amend the act respecting the construction of an annex to the Montreal Court House

[Assented to, the 15th of March, 1924]

HIS MAJESTY, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

- 10 Geo. V, c. 4, s. 1, am.** **1.** Section 1 of the act 10 George V, chapter 4, is amended by replacing the word: "two", in the fourth line thereof, by the word: "three".
- Id., s. 3, am.** **2.** Section 3 of the said act is amended by replacing the word: "two", in the fourteenth line thereof, by the word: "three".
- Coming into force.** **3.** This act shall come into force on the day of its sanction.
-