

3. The following article is inserted in the Revised Statutes after article 5172:

“ **5172a.** The company, or any director or officer thereof, or any receiver, trustee, lessee, agent or person, acting for or employed by the company, who, alone or with any other company or person, shall wilfully do or cause to be done, or shall willingly suffer to be done any act, matter or thing, contrary to the provisions of the law respecting railways, or to any order, direction, decision or regulation of the Railway Committee made or given under the said law in respect of tolls, or who shall aid or abet therein, or shall wilfully omit or fail to do any act, matter or thing thereby required to be done, or shall cause or willingly suffer or permit any act, matter or thing so directed or required thereby to be done, not to be so done, or shall aid or abet any omission or failure, or shall be guilty of any infraction of any such order, direction, decision or regulation, or any of such provisions of the said law, or shall aid or abet therein, shall for each offence be liable to a penalty of not more than one thousand dollars, nor less than one hundred dollars.”

Art. added after id., 5172.

Penalty for breach of law and regulations respecting tariff of tolls, &c.

4. This act shall come into force on the day of its sanction.

Coming into force.

CHAP. 33

An Act respecting cooperative syndicates

[Assented to 9th March, 1906]

WHEREAS it is advisable to regularize the formation and organization of cooperative societies among the labouring classes of this Province; Preamble.

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

1. Cooperative syndicates for consumption, production and credit may be formed at any place in the Province under this act.

Certain syndicates may be formed.

The by-laws shall define the limits of the territory within which the association shall operate and which shall, in no case, exceed the limits of a provincial electoral district.

Limits of territory of associations.

2. Such a syndicate or association shall be of the nature of a joint stock company, the responsibility of its members or shareholders being limited to the amount of their respective shares.

Nature of association.

- Name of association. **3.** The association shall be designated under such name as its founders may choose, provided mention be also made therein that it is founded under this act, and provided that, on the whole, such name cannot be confounded with that of any other existing association.
- Who may form. **4.** Such association shall be formed by persons who are capable of contracting and who are domiciled within the limits of the syndicate.
- Object of association. **5.** The object of the association is to study, protect and defend the economic interests of the labouring classes. For that purpose it may buy for resale to the associates only, such articles as are necessary for the support of life or for the works of their industry; open up credits for them and make loans to them; establish works in common for the associates or allow them to devote themselves to processes of production and selling the products thereof, either collectively or individually.
- Certain clubs, &c., may subscribe for shares. **6.** Farmers' clubs and agricultural societies may take shares in such syndicates with the permission of the Minister of Agriculture. School commissioners, and municipalities of cities, towns, villages, parishes and townships are authorized to take such shares.
- Number required to form an association. **7.** At least twelve associates are required to constitute a co-operative association under this act.
- Amount of shares how fixed. **8.** The amount of each share in the association shall be fixed by the by-laws, but shall not be less than one dollar.
- Capital of association, &c. **9.** The capital of the association may vary; it may be increased by successive payments and by the subscribing of new shares by the associates or the admission of new associates, and it may be reduced by the total or partial withdrawal of the amounts contributed; provided, however, that the capital shall never be reduced below the amount established when the association was founded.
- Transfer of shares, &c. **10.** The shares shall be to order, and can only be transferred in accordance with the by-laws of the association.
- Association how constituted. **11.** The association shall be constituted by means of a declaration in conformity with the schedule of this act, signed in duplicate by the founders in the presence of two witnesses.
- Deposit of duplicate declarations. One of such duplicates shall remain in the archives of the association and the other shall be transmitted without delay to the clerk or secretary-treasurer of the municipal council having

jurisdiction in the municipality wherein the head office of the association shall be situated; which clerk or secretary-treasurer shall deliver an authentic copy thereof to any person applying for the same, the whole on payment of his usual fees.

This act shall apply to existing associations, and shall confirm their statutes, by-laws, acts and operations since their organization in so far as they are not incompatible therewith, provided their principal administrative body or board of management adopts a resolution to that effect, a copy whereof shall be deposited as prescribed in this article, and the officers in office shall continue therein until the expiration of their mandate as provided in the said by-laws, but this provision shall not affect pending cases nor acquired rights.

Application of act to existing associations and effect thereof.

12. A similar declaration shall likewise be signed by any person subsequently becoming a member of the association; and the clerk or secretary-treasurer shall be notified of the adhesion of every new member by the filing at the end of each year of the statement hereinafter mentioned.

Declaration by subsequent members.

13. The active members of the association, in general meeting assembled, may pass by-laws to determine the conditions of the admission of new active members, the mode of payment and the amount of the instalments, the system of book-keeping to be followed, and generally all things connected with the internal government of the association. Such by-laws may also establish a class of shareholders, called auxiliary members, and determine all matters concerning them; provided such members shall not have the right to vote or to fill any office in the association.

Power to pass by-law for certain purposes.

The by-laws shall prescribe that the person or persons having the handling or custody of the general funds of the association shall give a security bond, the nature and amount whereof shall be left to the discretion of the board of management.

Security may be required from certain persons.

A duplicate of such by-laws and their amendments shall be deposited in the office of the clerk or secretary-treasurer of the municipal council as mentioned above.

Deposit of duplicate of by-laws.

The association shall, when thereunto required by the Lieutenant-Governor in council, forward a copy of all by-laws adopted in virtue of this act.

Copy sent to Lieutenant-Governor in council.

14. The association shall be managed by a board known as the "board of management," composed of at least five members.

Board of management.

They shall remain in office during the year immediately following the annual meeting and until the election of their successors; the by-laws of the association may prescribe that one-half or one-third of them shall be replaced every year; they shall be re-eligible.

Duration in office.

General powers of board of management.

15. 1. The board of management, within the scope of this act and of the by-laws of the association, shall deliberate, transact, compromise and enact upon all things affecting the interests of the association and, in particular, it may:

a. Settle the special conditions of every contract, being careful to see that the interests of the association are fully secured;

b. Obtain hypothecary securities for the benefit of the association and give discharges therefor; acquire immoveables by sale with faculty of redemption or otherwise, and sell the same either publicly or by private sale;

c. Represent the association, either as plaintiff or defendant, in any judicial proceeding, appeal from judgments and carry out seizures of moveables or immoveables until fully satisfied.

Borrowing power limited.

2. The total amount of the sums borrowed by a syndicate or association shall not, at any time, exceed twice the amount of its special reserve fund mentioned in article 38 of this act and of its paid up and unimpaired capital.

President, secretary, &c.

16. The board of management shall select, annually, from among its members, at its first sitting following the annual general meeting, a president, a vice-president, a secretary and a manager. The office of manager may be filled by one of the officers herein mentioned.

Manager.

President, &c., of association.

The president, vice-president and secretary of the board of management shall, at the same time, be the president, vice-president and secretary of the association.

Board's special duty.

17. The board of management's special duty shall be:

a. To cause to be deposited in the office of the clerk or secretary-treasurer of the municipal council, wherein the head office of the association is situated, the duplicate of the declaration mentioned in article 11 of this act, as well as the duplicate of the by-laws and of the amendments thereto, and also the names of those who under any title are charged with its management or direction;

b. To supervise the condition of the funds and the book-keeping.

Meetings of board.

18. The board of management shall meet as often as may be required in the interest of the association, upon being convened by the president, the vice-president, the manager or by two members of the board.

Board of supervision.

19. In addition to the board of management and outside the members thereof, the general meeting shall appoint from amongst its members a "board of supervision" of three members. They shall execute their mandate during the year imme-

diate following the annual meeting and until the election of their successors; they may be re-elected.

20. The board of supervision shall oversee the board of management and the committee of credit hereinafter mentioned in all the details of their management. It shall have a right to inspect, at any time, all the acts and the keeping of the books and to require the production of the cash on hand.

Powers and duties of board of supervision.

The members of the board of supervision cannot, either directly or indirectly, borrow from the association or become security for any borrower.

The board of supervision or two of its members may, at any time, convene an extraordinary general meeting of the association.

The proceedings of the board of supervision shall be entered in registers kept and written up by the manager.

21. In addition to the board of management and the board of supervision and outside the members thereof, the general meeting may appoint a committee of credit composed of at least three members. They shall remain in office during the year immediately following the annual meeting and until their successors are elected; they may be re-elected.

Committee of credit.

Term of office.

The committee of credit shall alone have absolute control of the loans, whenever such loans are made, saving the recourse authorized by article 28 of this act; the by-laws of the association shall determine the conditions under which they shall exercise their mandate. Nevertheless, the members of such committee shall, neither directly or indirectly, borrow from the association, nor become security for any borrower.

Powers and duties of committee of credit.

22. The services of the members of the board of management, of the board of supervision and of the committee of credit shall be gratuitous. The manager may be paid for his services.

Services gratuitous. Manager may be paid.

23. In case of a vacancy in the board of management, in the board of supervision, or in the committee of credit, the remaining members of the board of management shall have the right to provide a substitute for the remainder of the term.

Vacancies in boards.

24. The general meeting of the association shall be composed of all the associates. It shall be constituted whatever may be the number of members present. No shareholder can vote by proxy except the societies or public bodies that hold shares, each of which shall have one vote only. Each shareholder has one vote only, whatever may be the number of his shares.

Composition of general meeting, &c.

Decisions of general meetings.

25. The decisions of the general meeting shall be given by the majority of votes; in case the votes shall be equally divided the president shall have a casting vote.

Annual general meetings.

26. The general meeting shall *de jure* meet each year, within the thirty days following the close of the fiscal term, to take cognizance of the annual report for the previous term and to consider generally the business of the association. Such meeting shall be convened in the manner prescribed by the by-laws.

How convened.

First meeting to organize association.

The first meeting held for the organization of a newly formed association and for the election of officers and the passing of by-laws may be held at any time. The notice calling the meeting shall be given by the person designated by the majority of those who have signed the declaration constituting the association and mentioned in article 11 of this act. The officers elected at such meeting shall remain in office during the current term and, in all cases, until the election of their successors.

Who may call meeting.

Term of office of persons elected.

Appointment of boards by general meeting.

27. The general meeting shall appoint, from among the associates, the members of the board of management, of the board of supervision and of the committee of credit.

Powers of general meeting.

28. It shall decide upon questions of interest to the association, its dissolution or the amendment of the by-laws. It shall reverse or approve the decisions of the board of management, or of the committee on credit, as the case may be, whenever there shall be an appeal therefrom for that purpose by two associates; provided that the contracts entered into with third parties be not affected.

Amendments to the by-laws can only be validly voted by three-fourths of the associates present at a meeting specially adjourned for that purpose to a future date.

The dissolution cannot be decided upon if at least ten members object thereto.

Appointment of liquidators.

29. The meeting which decides upon the dissolution shall appoint one or three liquidators by a mere majority vote.

Extraordinary meetings and convocation thereof.
How convened.
Convocation by president, &c.

30. In addition to the annual general meeting, extraordinary meetings may be held and convened in the same manner, at any time, either upon the decision of the board of management, of two members of the board of supervision or upon the requisition of one-tenth of the associates. The secretary, in every such case, shall convene the association by public notice, as mentioned in article 26 of this act. The president himself or the vice-president may also convene the meeting.

What to be considered.

At such extraordinary meeting, no subjects shall be considered except those specially announced in the notice.

31. General meetings, either annual or extraordinary, as well as meetings of the board of management, of the board of supervision and of the committee of credit, may be validly held on holidays. Meetings may be held on holidays.

32. The by-laws of the association shall determine upon the manner of keeping accounts to be followed in the management of the business and shall define the manager's powers and duties. Keeping of accounts.

33. The accounts shall be kept by the manager according to the said by-laws, under the control of the board of management. Who keeps accounts.

The accounts of the association shall be closed every year at the end of the fiscal term. Closing of accounts.

34. Upon the closing of the fiscal term and during the first fortnight thereafter, a report of the situation shall be prepared in duplicate by the manager, duly attested, and a duplicate thereof shall be deposited in the office of the clerk or secretary-treasurer of the municipality. Report upon closing of accounts.

35. Such report shall contain:

a. The list of the associates at the close of the previous fiscal term; Contents of report.

b. A separate and distinct list of the members admitted and withdrawn during the last fiscal term;

c. A summary statement of the assets and liabilities of the association;

d. A statement of the operations of the year, with an indication of the profits and losses;

e. All other information required for the purpose by the by-laws of the association.

36. The accuracy of such report shall be attested by the manager on oath taken before a justice of the peace. Attestation of report.

37. The general meeting, taking the report as a basis, determines the amount of the profits which it shall allot. Determination of profits.

38. The association may, by its by-laws, order the creation, out of a portion of its yearly profits, of one or more funds under such names as it may select, which funds shall constitute its own special property or reserve fund and may be wholly or partially divided among the associates or auxiliary members only in case of dissolution. The by-laws shall prescribe the amount and the manner of forming such funds, their object, management, the proportion of the yearly profits to be set apart for Reserve fund how created.

their accumulation and the amount they must respectively attain.

Copy of documents may be obtained from secretary-treasurer of municipalities.

39. Any person, whether a member of the association or not, may obtain from the clerk or secretary-treasurer of the municipality, on paying him the requisite fees, a copy of all documents concerning a cooperative association, which may be in the possession of the said clerk or secretary-treasurer.

Seals not to be affixed to association property at instance of associates, &c.

40. The associates cannot under any pretext apply for the affixing of seals upon the books and property of the association, nor demand the division or licitation of its property or reserve fund, nor interfere in any manner with the management. They shall, for the exercise of their rights, be bound by the decisions of the general meeting.

Withdrawal of members.

41. Any member may withdraw from the association by giving a notice or a mere letter to that effect to the secretary or manager of the association.

Dismissal of members.

42. The board of management may dismiss any member who has not carried out his engagements with the association. It may also dismiss from the association any member who has been convicted of a criminal offence, who refuses to comply with the provisions of the by-laws, whose private life shall be a source of scandal, or who shall become insolvent or bankrupt or shall be interdicted.

Minutes of meeting, &c.

The minutes of the meeting of the board of management respecting the dismissal of any associate shall set forth the facts giving rise to such dismissal, and a true copy shall be addressed to the dismissed associate within two days by registered letter.

Effect of withdrawal or dismissal. Payment of sum due persons who withdraw, &c.

43. No associate who has withdrawn or been dismissed can demand the liquidation of the association.

The amounts entered on the current account of associates, who have withdrawn or been dismissed, shall be paid to them as soon as the funds realized by the association, not absorbed by the association's debts then exigible, are paid in. The payments shall be made in the order of the withdrawal or dismissal, without prejudice to the provisions of article 9 of this act as to the minimum figure of the capital, and provided also that the association has not been put in liquidation by dissolution or otherwise during the three months immediately preceding the withdrawal or dismissal of such shareholder.

Heirs, &c., of certain members to recover share.

44. In case of the death, insolvency, bankruptcy or interdiction of an associate, his heirs, creditors or representatives shall recover his share in the manner determined by article 41 of

this act; provided always that the capital cannot be reduced under the amount of the original capital as declared in article 9 of this act.

45. All extracts from the minutes shall be signed by the president or the vice-president or by the secretary or manager. Signing of minutes, &c.

All contracts, promissory notes, cheques, drafts or documents binding the association shall be signed by the person or persons designated by the by-laws. Id. of contracts, &c.

46. In all deeds, bills of parcels, advertisements, publications and other printed or written documents issued by a syndicate, mention must always be made legibly and in full that such association exists under this act. Mention to be made in deeds, &c.

47. Associations regularly organized under this act may freely agree to unite in a joint action to protect their common interests. Union of associations.

48. The members entrusted with the management or direction of the association shall be personally liable for the wrongs done by the violation of this act. Liability of members of board for wrongs, &c.

49. Articles 5233 to 5252, inclusively, of the Revised Statutes, and the act 2 Edward VII, chapter 33, are repealed. R.S., 5233 to 5252, and 2 Ed. VII, c. 33, repealed.
Cooperative associations and agricultural syndicates constituted under the provisions of the repealed laws, shall in future be regulated by the provisions of this act. Existing associations, &c.

50. This act may be cited as the "Quebec Syndicates' Act, 1906." Name of act.

51. This act shall come into force on the day of its sanction. Coming into force.

SCHEDULE

QUEBEC SYNDICATES' ACT, 1906

The undersigned declare that they become members of a cooperative association with limited liability, under the name of The _____ Syndicate, with its head office at _____

in the county of _____, and that they subscribe the number of shares respectively indicated opposite their names.

Dated at _____, this _____, 19 _____.

Witnesses.	Name.	Surname.	Occupation.	Residence.	Number of shares of \$....

CHAP. 34

An Act to amend articles 5279 and 5284 of the Revised Statutes

[Assented to 9th March, 1906]

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

R. S., 5279, amended. **1.** Article 5279 of the Revised Statutes is amended by adding thereto the following clause:

Secretary member of board. " The secretary of the company is *ex officio* a member of the board of directors which appoints him, and he as such, as well as the other directors, remain in office until the following annual meeting; they may, however, in the interval be removed and replaced at a general meeting of the members, Removal of director, &c.,