

## C H A P. 74

## An Act to incorporate the Collateral Loan Company

[Assented to 20th May, 1905]

**W**HEREAS Hormisdas Laporte, merchant, mayor of the city of Montreal; Rodolphe Forget, member of the House of Commons, stock broker; William Edmund Blumhart, capitalist; William Wainwright, general assistant and comptroller of the Grand Trunk Railway Company of Canada; Henri Gérin Lajoie, advocate and King's Counsel; George M. Bosworth, fourth vice-president of the Canadian Pacific Railway Company, and Tancrède Bienvenu, general manager of the Provincial Bank of Canada, all of the city and district of Montreal, have, by their petition, prayed that they may be incorporated under the name and style of the "Collateral Loan Company," for the purpose of executing trusts and administering estates, and as a safety deposit company and general financial agent; and for the purpose of dealing in and lending money on the security of stocks and bonds of commercial and other corporations and public securities, and for other purposes, and whereas the said petitioners have prayed that certain provisions of the Companies' Clauses Act be excluded from applying to the said company, and whereas it is expedient to grant the prayer of the said petition;

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

## TITLE I

## INCORPORATION OF THE COMPANY

**1.** The several persons hereinbefore named, and such others as may hereafter become shareholders in the company created by this act, shall be and are hereby constituted and declared to be a body corporate under the name of the "Collateral Loan Company."

## TITLE II

## POWERS OF THE COMPANY

**2.** The company is empowered:

1. To accept, fulfil and execute all such trusts as may be committed to the company by any person or by any corporation, or by any court of law, on such terms as

Persons in-  
corporated.  
Company au-  
thorized;  
To accept,  
&c., trusts,  
&c.

may be agreed upon, or as the court shall in case of disability approve, and which are not contrary to the provisions of the Civil Code; and to take, receive, hold and convey all estates and property, both real and personal, which may be granted, committed or conveyed to the company with its assent upon such trusts;

To act as agent and attorney for transaction of business, &c.;

2. Generally to act as agent or attorney for the transaction of business, the management of estates, the investment and collection of moneys, rents, interest, dividends, mortgages, bonds, bills, notes and other securities; to act as agent for the purpose of registering, issuing and countersigning the transfers and certificates of stocks, bonds, debentures or other obligations of the Dominion of Canada or of any Province thereof, or of any corporation, association or municipality; and to receive and manage any sinking fund therefor, on such terms as may be agreed upon;

To construct, &c., buildings, &c., for storage, &c., of property.

3. To construct, maintain and operate or lease suitable buildings and structures for the reception and storage of personal property of every nature and kind; to act as agent, consignee and bailee thereof, and to take all kinds of personal property for deposit and safe-keeping, on such terms as may be agreed upon, and to make loans on the same;

To lend money, &c.;

4. To lend money upon such terms as are deemed expedient, with power to take security for the same or any other indebtedness owing to the company, upon real estate, ground rents, Dominion, provincial, British, foreign or other public securities, or upon the stocks, shares, bonds, debentures or other securities of any municipal or other corporation, or upon goods warehoused or pledged with the company, or upon such other securities or guarantees as are deemed expedient, and to acquire, by purchase or otherwise, any of the aforesaid property or assets which may have been pledged with the company as security for such loan or indebtedness, and to resell the same.

To act as agent for others entrusting company with money to lend, &c.;

5. To act as an agency or association for, or on behalf of others who entrust it with money for loan or investment; to secure the repayment of the principal or the payment of the interest, or both, of any moneys entrusted with the company for investment; and, for the purpose of securing the company against loss upon any guarantee or obligation, or any advance made by the company, to receive and dispose of any description of asset or security, which is conveyed, pledged, mortgaged, or assigned to, or warehoused with the company, in connection with such guarantee, obligation, advance or investment;

To promote, &c., companies, &c.;

6. To promote or assist in promoting any other company and, for such purpose, to subscribe for, buy and sell debentures,

tures, mortgage debentures and any other security of such other company, and otherwise to employ the money or credit of the company in any manner deemed expedient for any such purposes, either by actually employing any portion of the moneys of the company for such purposes, or by placing on the market or guaranteeing the issue of, or the payment of interest on the shares, debentures, mortgage debentures, or securities of such other company ; to act as agent for the purpose of collecting and converting into money its securities and property pledged ; to close and wind up the business of estates, persons, partnerships, associations or corporate bodies, and to do such incidental acts and things as are necessary for such purposes ;

7. To act as trustee in respect of any debenture, bond, mortgage, hypothec or other securities, issued according to law by any municipal or other corporation incorporated in the Province of Quebec or elsewhere, or by any province of Canada, or by the Dominion of Canada ;

To act as trustee for issue of bonds &c.

8. To accept, hold the office and perform all the duties of receiver, trustee, assignee, trustee for the benefit of creditors, liquidator, executor, administrator, curator to insolvent estates, if appointed thereto by any person, either by deed *inter vivos*, or by last will and testament, or by any court, notwithstanding the provisions of articles 364, 365, 366 and 367 of the Civil Code, preventing a corporation from acting in any of the said capacities, which articles shall in nowise affect the present company ;

To accept, &c., office of receiver, &c.,

9. Besides the real estate acquired and held by it in the course of the due carrying on of its business, to acquire, hold and convey real estate to an amount not exceeding one million dollars, and in addition thereto ;

To hold, &c. immoveable property.

(a) Such real estate as may be taken by it in compromise or payment of any pre-existing indebtedness ;

(b) Such as may be purchased by it at any judicial or other sale in foreclosure or for the enforcement of any claim, mortgage, trust or agreement in the nature of a pledge or mortgage of the same, acquired or taken by the company in the course of the due carrying on of its business ;

Provided always that the company shall sell any property acquired by it by virtue of paragraphs (a) or (b) within fifteen years of the date of its acquisition of the same ;

Proviso.

10. To guarantee the title to or quiet enjoyment of property, either absolutely or subject to any qualifications and conditions ; to guarantee any person interested or about to become interested in or owning or about to purchase or

To guarantee, &c., title to property, &c. ;

acquire any real property, against any losses, actions, proceedings, claims or demands, by reason of any insufficiency or imperfection or deficiency of title, or in respect of encumbrances, burdens or outstanding rights ; and also to guarantee any person against any loss or damage, by reason of the failure on the part of any person or persons to make due payment of the whole or any part of any loan, advance, mortgage or claim, hypothecary or otherwise, or the interest thereon, and to issue its guarantee certificates or policies in such form as it may determine, and for such remuneration as it may fix ;

To borrow  
money, &c. ;

11. To borrow money at such rates of interest as may be agreed upon, with full power to secure such loans by any mortgages, hypothecs, stocks, bonds or other securities belonging to the company, and to issue debentures in connection with the company's business.

To examine  
and audit  
books, &c. ;

12. To examine, report upon and audit the books, accounts, condition and standing of corporations, partnerships and individuals when requested or authorized so to do by such corporations, partnerships and individuals, and also when required by an order of a court of competent jurisdiction ;

To buy, &c.,  
stocks, &c. ;

13. To buy and sell and invest in the stock, bonds, debentures or obligations of municipal or other corporations whether secured by mortgage or otherwise, or in Dominion, provincial, British, foreign or other public securities ;

To guarantee  
investments ;

14. To guarantee any investment made by the company as agent or otherwise ;

To sell mort-  
gages, &c. ;

15. To sell, pledge, mortgage or hypothecate any mortgage or other security or any other real or personal property held by the company from time to time ;

To charge,  
&c., remun-  
eration for ser-  
vices, &c.

16. Generally, to charge for, collect and receive all agreed or reasonable remuneration, legal, usual and customary costs, charges and expenses for all or any of the services, duties, trusts, or things rendered, observed, executed or done in pursuance of any of the powers of the company ;

To become  
member of  
stock ex-  
changes, &c.

17. To become a member of any or all the stock exchanges doing business in the place where the company has an office ; and to hold the seats which it may purchase for that purpose in its own name or in the name of any one of the directors, officers or employees ;

To purchase,  
&c., bills of  
exchange,  
&c.

18. To purchase bills of exchange and generally do all exchange business with Great Britain and Ireland, British possessions and foreign countries ;

To purchase  
shares in  
capital stock

19. To purchase shares in the capital stock of other trust companies or other corporations doing a similar business, and

to purchase the assets of any of the said companies or to amalgamate with any of the said companies ; of other companies, &c. ;

20. Subject to the provisions of the act 63 Victoria, chapter 44, to become surety upon any bond required in any judicial proceedings and, subject to the discretion of the court, judge or official receiving such bond, the surety of the company shall suffice in all cases where two sureties are now required. To become surety upon judicial bonds, &c.

The company may execute the surety bond by the manager or secretary signing it for the company and attaching the company's seal thereto. How bond, &c., to be signed.

3. The total amount of the sums received for investment or borrowed by the company from any one person shall never be less than one thousand dollars. Minimum sum to be received for investment.

All sums received by the company for investment shall in the meantime be deposited in a chartered bank in trust for the owner thereof. Deposit in bank, &c.

4. The moneys and securities of each trust shall always be kept distinct each from the other and shall form separate accounts. They shall never be mixed with the general assets of the company and shall not be liable for the general debts and obligations of the company. Moneys held in trust to be kept separate and not liable for debts of company.

5. The company shall have the right to hold, as trustee for any person lending money to the company, the stocks, bonds, valuables and securities generally pledged to secure the loan, and the said pledge shall be valid notwithstanding the provisions of article 1970 of the Civil Code. Power to hold as trustee stocks pledged by it, &c.

As such trustee, the company shall be the irrevocable mandatary of the lender and shall have the absolute right to hold the said stocks, bonds, valuables and securities. Right to hold absolute.

However, the said stocks, bonds, valuables and securities shall not be mingled with the property of the company and shall not form part of its general assets, but shall be pledged exclusively to the lender in whose name they shall be held, and by whom they may be claimed in case of the liquidation or insolvency of the company. Stocks however to be kept separate.

For the purpose of preventing any confusion, the stocks, bonds, valuables and securities of each lender shall be entered in his account in the books of the company and shall be deposited in a special place in the vaults of the company, with a distinguishing mark so as to allow at all times of their being identified. Stocks to be entered in account of lender and deposited in separate vaults, &c.

The company may, within the limits of the general authorization granted by the lender, but without his immediate interference in each case, substitute other stocks, bonds, valuables and securities to those already given. Substitution of other stocks, &c.

## TITLE III

## HEAD OFFICE AND BUSINESS OF THE COMPANY

Head office. **6.** The head office of the company shall be in the city of Montreal, Canada.

Transaction of business by company. Branches. **7.** The business of the company may be transacted in the Province of Quebec and elsewhere, and, for that purpose, branch offices may be established wherever the same may be determined in accordance with the provisions of this act.

## TITLE IV

## CAPITAL, SHARES, INSTALMENTS

Capital stock. Shares. **8.** The capital stock shall be five hundred thousand dollars, divided into five thousand shares of one hundred dollars each.

Amount to be paid before commencing business. **9.** The company shall not commence its operations before two hundred and fifty thousand dollars are paid on its capital stock.

Calls and notice therefor. **10.** The calls ordered by the board of directors shall be made known to the shareholders by means of a notice, deposited at the post office at Montreal, to the last known address of each shareholder, one month before the date of payment.

Interest on deferred payments. **11.** Every sum of money, of which payment is delayed, shall bear interest at the rate of six per cent. per annum from the date upon which such payment becomes due.

Transfer of shares. **12.** The transfer of shares shall be made in the manner provided for in the by-laws of the company.

Verification of signatures. **13.** The company may require that the signature of the parties and their capacity to act, be certified by a British consul when the parties reside in foreign countries, and by a notary public when they reside in Great Britain or Ireland or any British possession.

Company not responsible for validity of transfers. **14.** In no case shall the company be responsible for the validity of a transfer.

## TITLE V

## MANAGEMENT OF THE COMPANY

**15.** The company shall be managed by a board of five to fifteen directors, elected at the general meeting of the shareholders. Board of management and election of directors.

**16.** The number of directors, from five to fifteen, shall, from time to time, be fixed by by-law. Until otherwise determined, the board of directors shall be composed of directors appointed by the persons mentioned in the preamble. Number of directors. Provisional directors.

**17.** The board of directors shall meet either at the head office or in one of the branch offices or in such other office as may be determined. Meeting of directors.

**18.** The directors may, from time to time, by by-law, delegate such of their powers as they see fit to an executive committee consisting of not less than three members of the board. Delegation of powers to executive committee.

**19.** The current business of the company shall be managed by a manager chosen by the board. The manager may be one of the directors. His powers shall be determined by the board. Manager and his powers, &c.

**20.** The board shall appoint two inspectors, who may be shareholders, who shall make, every three months or more often if they think it necessary, an inspection of the business of the company, a minute inspection of all the securities held by the company as collateral or otherwise, and shall make a report to the general meeting of the shareholders on the financial condition of the company and on the statement and accounts presented by the board. Inspectors and their appointment &c.

**21.** The inspectors shall at all times have access to the books and archives of the company. Rights of inspectors.

**22.** The president, the vice-president, and the secretary or manager of the company shall be liable to coercive imprisonment personally, in those cases in which individuals exercising the same functions would be liable. Officers liable to coercive imprisonment.

**23.** The company shall send in a yearly report of its operations to the Lieutenant-Governor in Council. Yearly report.

## TITLE VI

## GENERAL MEETINGS

Annual meeting of shareholders. **24.** There shall be held a general meeting of the shareholders each year.

Notice therefor. **25.** The meeting shall be called by means of a notice inserted in one daily newspaper published in Montreal at least thirty days previous to the meeting.

Place of meeting. **26.** The meeting shall be held either at the office or at any other place indicated in the notice and determined by the board of directors.

Special meetings. **27.** Moreover, special meetings may be called by the board of directors.

Right to vote. **28.** Each shareholder shall have the right to one vote for every fully paid up share held by him. Each holder of shares partly paid up and not in arrears shall have one vote for every one hundred dollars paid on said shares.

## TITLE VII

## INVENTORIES AND ANNUAL STATEMENT

Financial year of company. **29.** The company's financial year shall commence on the 1st of January and end on the 31st of December. As an exception, the first year's operations shall cover the period between the organization of the company and the 31st of December of the same year.

Annual statement by directors, &c. **30.** The board of directors shall prepare every year a statement giving a synopsis of the assets and liabilities of the company. Such statement shall be at the disposal of the inspectors.

Inventory to be made annually. **31.** There shall further be made at the end of each financial year an inventory showing the moveable and immoveable property of the company and all its indirect liabilities.

R. S., 4657, 4664, 4668 and 4690 not apply. **32.** The following articles of the Revised Statutes forming part of the Companies' Clauses Act shall not apply to this company, viz: articles 4657, 4664, 4668 and 4690.

Coming into force. **33.** This act shall come into force on the day of its sanction.

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