

CAP. LXXIII.

An Act concerning Joint Stock Companies, and for the protection of Investors.

[Assented to 10th June, 1884.]

HER MAJESTY, by and with the advice and consent of the Legislature of Quebec, enacts as follows :

1. The capital stock of all joint stock companies shall consist of that portion of the amount authorized by the charter, which shall have been *bonâ fide* subscribed for and allotted, and shall be paid in cash.

Capital stock of joint stock companies.

The amount of paid up capital, from year to year, shall be published annually in a report to the shareholders of the company.

Amount paid in to be published.

2. The property accounts of a company shall represent only the amount of the actual *bonâ fide* outlay necessary for the undertaking.

What property accounts to represent.

No stock shall be issued to represent the increased value of any property. Any such issue shall be null and void.

Stock not to be issued for increased value and if so, to be null.

3. The practise, commonly known as watering of stock, is prohibited, and all stock so issued shall be null and void.

Watering of stock forbidden ; stock so issued null.

4. The capitalization of surplus earnings, and the issue of stock to represent such capitalized surplus is also prohibited, and all stock so issued shall be null and void, and the directors consenting to such issue of stock shall be jointly and severally liable to the holders thereof for the re-imbursement of the amount paid for such stock.

Capitalization of surplus earnings, &c., forbidden. Stock so issued to be null. Liability of directors.

5. No company shall declare a dividend, the payment of which infringes upon or lessens the capital of the company.

Dividend not to infringe capital.

No dividend shall be declared or paid, which shall not have been actually earned by the company.

Dividend unearned not to be paid.

6. The annual dividend may, however, be supplemented or paid entirely out of the reserve fund ; but payment of the dividend in this way must be publicly announced to the shareholders, at the annual meeting, and duly authorized by a resolution of the company ; in default of such resolution, the directors of the company voting for or consenting to such increase shall be jointly and severally liable to the creditors of the company for the amount of dividend paid in excess of that actually earned.

Dividend may be supplemented from reserve fund. Proviso. Liability of directors if dividend be paid, out of reserve fund, without resolution, to that effect.

Fictitious capitalization of stock, &c., forbidden.

Such stock to be null.

Liability of directors for breach of provisions of this act.

Act not retroactive.

7. Every form and manner of fictitious capitalization of stock in any joint stock company, or the issuing of stock which is not represented by a legitimate and necessary expenditure in the interest of such company, and not represented by an amount in cash paid into the treasury of the company, which has been expended for the promotion of the objects of the company, is prohibited, and all such stock shall be null and void.

8. Should any dividend be declared or paid in contravention of any of the provisions of this act, the directors voting for, or consenting to the payment of such dividend, shall be jointly and severally liable to the creditors of such company for the amounts so paid.

9. This act shall not have a retroactive effect.

CAP. LXXIV.

An Act to further amend the act of the late province of Canada, 24 Victoria, chapter 32, respecting Mutual Insurance Companies.

[Assented to 10th June, 1884.]

HER MAJESTY, by and with the advice and consent of the Legislature of Quebec, enacts as follows:

24 V., c. 32, s. 1 and 45 V., c. 50, section 1, amended.

Company may fix rate for villages at 100 per cent increase. Proviso as to payment of losses in villages in certain event.

1. Section 1 of the act 24 Victoria, chapter 32, as replaced by the act 45 Victoria, chapter 50, section 1, is further amended by adding after the first paragraph the following paragraphs:

"1a. The company may fix rates for policies of insurance in villages, at one hundred per cent more than in parishes."

"1b. When the rate in the parish and in the village is the same, and several properties are destroyed at the same time in such village, the company shall not be obliged, if the total value of the properties so destroyed exceed the maximum fixed by the company, to pay, in all, more than such maximum, which maximum shall be divided between the parties insured whose property has been so destroyed, in proportion to the amount of their insurance."