

Feb. 20th.

ing methods, etc. The points set out in the attached resolution of the conference, Appendix B, should be placed before the stock exchanges, with the suggestion that they are expected to adopt them where not already in force. (These are the recommendations published herewith and accepted by the Toronto exchanges.)

"3. That in respect of Dominion criminal law, as all prosecutions for major offenses had to be made under the Criminal Code and as the Deputy Attorneys-General attending the conference reported great difficulty in the past in proving bucketing, it was advisable to suggest to the Minister of Justice at Ottawa that a new section be added to the Criminal Code. Accordingly a draft section, 231A, was prepared to cover the offense of a broker reducing the quantity of stock which he should be carrying for his customers by selling for his own account against his customers' buying orders. This draft appears in Appendix C.

"It was thought that, with the Security Frauds Prevention Act in force in the various Provinces, giving the Crown an opportunity to investigate complaints when made, there would be a greater opportunity of getting evidence for the laying of charges and their proof in the courts.

Divided Jurisdiction.

"For a great many years the divided jurisdiction of the Dominion and the Provincial Legislatures has made it very difficult to regulate corporations selling securities to the public. The Dominion, having incorporated companies and given them full powers to issue

stock debentures and other securities, has contended that the Provinces have no right to restrict these companies in the exercise of their essential capacities and powers. The Western Provinces enacted 'blue sky' legislation and regulated all companies issuing or selling securities in the Province. This worked out very well so far as Provincial companies were concerned, but when the Dominion companies attacked the various acts in Manitoba and Saskatchewan the courts decided that these Provincial acts were, in respect of Dominion companies, ultra vires. The result was that Dominion companies, without any Provincial supervision, often sold spurious securities through the Province. This matter came up for consideration at the Interprovincial Conference held at Ottawa, June 7, 8 and 9, 1926, and the Provinces were unanimous in suggesting that the Dominion pass ancillary legislation giving the Provinces an opportunity to regulate the sale of securities of Dominion companies within their jurisdiction. A copy of the bill proposed at that time is attached to Appendix C.

"At the Dominion-Provincial Conference in the fall of 1927 the Provinces were again unanimous on this type of legislation, and asked the Dominion Government to pass the bill. The Dominion felt that they should regulate their own companies, and nothing was done.

Frauds Act of 1928.

"The Provinces, therefore, being left to their own resources entirely, the Province of Ontario enacted the Security Frauds Prevention Act, 1928, which provided for dealing with the individual broker or salesman who was selling the security, no matter what company, Dominion, Provincial or foreign, was affected. This has worked out reasonably well, and is the type of legislation that all the Provinces are enacting. It has been thought, however, that the position of the Provinces in this matter could very well be strengthened if Dominion legislation along the lines of that suggested in 1926 and 1927 could be enacted. The conference, therefore, suggests that the various Provincial Governments should submit to the Dominion Government the bill attached to Appendix 'C' for enactment by the Parliament of Canada.

"In their deliberations the members of the conference have come to a unanimous conclusion. It is suggested that, when the Legislatures at present in session in the various Provinces deal with the Security Frauds Prevention Act, they give ample power to make any regulations that may be necessary to deal with certain matters of trading on the various exchanges. Experience only will show the method of curbing certain abuses, and it is desirable that sufficient powers be given so that these things may be dealt with without the delays occasioned by further amendments to the act.

"In this connection, it is suggested that each Province deal with trading against customers' accounts by brokers, both by making contracts with customers voidable and by making the act an offense. See the new Part V. to the Security Frauds Prevention Act amendments, Appendix 'A.' If Parliament enacts the draft Section 231a as criminal law, the Provincial offense would be superseded, but the effect upon civil rights would stand.

"It is further suggested that, in dealing with the question of market trading, the various Provinces co-operate completely with the banks and leading financial institutions, as well as the exchanges, in securing the adoption of rules for trading that will protect the investor, and at the same time not interfere with the practical methods of trading. The development of the mining and other natural resources of the country must always be kept in mind, and care must be taken in the remedying of abuses not to create others which would only stifle business and not advance the general interests of the public.

"A. W. Rogers,

"Secretary of the Conference.

"Toronto, Feb. 14, 1930."

AIR MAIL IS UTILIZED TO SPEED UP REPORT

Approval of Other Provinces Is Rushed Back to Toronto

PRAISE FOR MR. ROGERS

There is another side of the Queen's Park brokerage conference which does not appear in the official report, but which, in the opinion of Attorney-General William H. Price, simply must be told.

It concerns Arthur W. Rogers, conference secretary—"to whom," as the Attorney-General puts it, "no tribute in connection with the work he has done can be too big."

The conference, with six Provinces actually represented at it, sat from Monday morning until late Friday. Mr. Rogers and his staff worked until midnight the following day getting his report and the various appendices ready. One hundred draft copies were prepared. Air mail was called into play at various times on Sunday, and within 48 hours the Attorney-General of the most remote Province represented in the conference—British Columbia—was perusing his copy at his Government desk.

By telephone, telegram, etc., approval of the report came flying back to Queen's Park, and its simultaneous release by all the Provinces in printed form, as it now appears, was subsequently agreed upon.

Nova Scotia Approves

Attorney-General W. Lorimer Hall of Nova Scotia called on Attorney-General Price at Queen's Park yesterday, looked over the report of the recent interprovincial brokers' conference, which Col. Price was preparing for release to the press, and promptly declared Nova Scotia "in" on the joint action of the Provinces to improve trading conditions on the stock exchanges throughout the country. The Province of Nova Scotia was not actually represented at the recent conference, but virtually signified her intention by wire at the time to abide by the decision of the parley. She will now draft a Security Frauds Act similar to that of Ontario and the other Provinces.

WINE PERMIT PLAN MEETS OPPOSITION

Would Wipe Out Small Wineries, Deputation Claims

Reported intention of the Ontario Government to put native wine sale on a permit basis brought a large deputation of Niagara Peninsula grape growers to Queen's Park in protest, yesterday.

To Premier Ferguson, the deputation argued that such a move on the part of the Government would restrict the sale of wines to the Government stores and undoubtedly would put the small wineries out of business. H. K. Clemens, Honorary President of the N. P. Grape Growers' Association, and spokesman for the deputation, contended that, at the present time, only a small number of the wineries are financially able to place their products in the Government shops.

The deputation also requested that no change be made in the present regulation whereby tourists may purchase three bottles of wine without a permit.

Premier Ferguson held out no promises to the deputation.