

ALLOW APPEAL OF BOARD RULE IN STOCK CASES

Approve Amendment of Securities Act to Permit Double Action

DEFEND OPERATION

Appeal legislation drafted into the Securities Act last night was given Legislature second reading. By the amendment an appeal is allowed to an order of the Securities Commissioner to a special board of review and in final settlement to the court of appeals.

"It should not be left to one man's decision to take away a man's livelihood," said Ian Strachan, Liberal Whip. "I am proud of the Attorney-General and the Government for going as far as they have done in this legislation."

Appeal rights were supported, he said, by L. M. Frost (Con., Victoria) and R. D. Arnott (Con., Hastings) as members of the administration of justice probe committee. "It carries out the recommendation of the committee, only it goes further by allowing a final appeal to the court of appeals," Mr. Strachan said.

The maxim "Let the buyer beware" is not a proper precept in mining stock transactions, Attorney-General Gordon Conant, declared in the Legislature yesterday, as it considered the second reading of an amendment to the Securities Act.

The Securities Commission, Mr. Conant argued, did nothing more than to see "that the investor has a reasonable gamble." But the investor has not a reasonable gamble if a mining claim is transferred to a company for stock, which is sold and the proceeds pocketed by the vendors when at the same time, "little or nothing goes into the treasury of the company."

At the present time, regulations have been relaxed to the point where 10 per cent of the vendor's stock is left free, the remaining 90 per cent being held in escrow and released on the basis of one share of vendor's stock for each share of treasury stock sold.

If there were no escrow of vendor's stock, it would be possible for mining properties to be sold to a company, the vendor's stock dumped on the market and little or no treasury stock sold, with the result that little or no cash reached the treasury. Despite escrow requirements, in 1936 and 1937, there were more than 13,000 mining claims patented, the highest for any year since and including 1930.

Ordinary Law Insufficient.

The Government, he declared, was not unmindful of the interests of the prospector, the man who wants to get some "pick and shovel money," and by legislation last year cleared the way for the formation of mining syndicates for financing prospecting expeditions or for preliminary mining work.

"Some people entertain the view that we could get along very well without any blue sky laws. 'Let the buyer beware' is their attitude. But I cannot agree that the sale of stock in a company is at all comparable with the sale of a commodity or chattel," said Mr. Conant.

He claimed also that the ordinary laws of the land were not sufficient to restrain malefactors. It was not an offense under the Criminal Code, he said, in example, for a salesman to make statements as to what a mine is going to do. It becomes fraud only if present or past conditions are misrepresented.

Frank Spence (Con., Fort William), in advocating that the Securities Commission be abolished and the responsibility of regulating mining stock sales be left with the Minister of Mines, charged the commission had been "discredited in the eyes of mining men because of its superfluous regulations."