

New Securities Act Aims to Prevent Fraud, Blackwell Points Out

The new Ontario Securities Act, designed to prevent fraudulent practices in stocks and securities, came up for second reading in the Legislature yesterday and was explained in detail by Attorney-General Leslie Blackwell. He adjourned the debate on second reading and will continue with his review of the bill's contents later in the week.

Mr. Blackwell emphasized that the new legislation is not intended to convey Government approval of any stock or security, but is designed to prevent fraud and to give the public "a run for their money." He dealt with the recommendations of the Mining Commission and told the House how far each of the recommendations had been implemented in the legislation.

The recommendation regarding the use of telephones had been enlarged so as to ban the use of the telephone for calls anywhere, Mr. Blackwell said. The one exception is when the call is to a business associate with whom the broker or salesman had frequently done business.

"When a broker, having furnished proper material and complied with the regulations in every respect, receives requests from the public concerning a stock, he may telephone in answer," said the Attorney-General. "Anything else is an infringement of the right of a good citizen to do business."

Two Methods Told

Mr. Blackwell outlined the two methods of investigation to be followed. The first method follows a complaint by a citizen, and this complaint could be taken to the Crown Attorney in the district in which the citizen resided, making it unnecessary for him to visit the Parliament Buildings.

The Crown Attorney could proceed without recourse to the Securities Commission if the facts warranted such action, the Attorney-General said. If the investigation disclosed an offense, a prosecution would follow. If, on the other hand, no offense was shown, "there is no duress, or improper pressure placed on the broker or dealer."

The second type of investigation would be launched by the Securities Commission itself as a result of material filed with the commission, advertisements, or practices, which, in the commission's view, might indicate fraud.

The Government, Mr. Blackwell

said, proposed to appoint as a securities commission three members, one familiar with the law, one accustomed to securities, and one familiar with mining itself, the legal member to be a full-time executive officer. The commission would be responsible for registering and bonding brokers and salesmen. Complaints against brokers or salesmen could be heard by the executive officer, and reviewed, if necessary, by the whole commission. Provision was made for appeal from the commission to the Ontario Court of Appeal. In charges of fraud, action would be taken through the criminal courts.

Mr. Blackwell said previous "blemishes" on records of securities dealers since reinstated would not be held against them, and pointed out that of 358 brokers in Ontario only 25 came into this category, and only 28 out of 1,327 salesmen. Accusations against brokers or salesmen, he said, "will be reviewed by rule of law and the British concept of justice." Licenses of those convicted of fraud would be cancelled.

As further protection for the public, all operators of "tipster sheets" would be registered. Investment counsel who advised for hire would have to disclose any personal interest in the stock that might be adverse to the interests of the buyer, and, further, must indicate in any circular whether they were personally interested.

Place for Restitution

The commission will not attempt to obtain restitution for brokers' clients, since the place for restitution was in the courts. "There will be no more condoning of offenses," said Mr. Blackwell.

The public must be fully informed about securities it bought, he said, since "the growth of the mining industry has been the result of the public being prepared to speculate its capital in the purchase of securities." Full prospectuses would be insisted on. The Government couldn't regulate the value of shares, he said. "But the Govern-

The Government proposed to see that the people are told the material facts and that they have a fair and honest run for their money."

The Government proposed to see, also that a reasonable share of the money raised by a security issue went for the purpose for which it was intended—development or property purchase—as a further safeguard for the public buying the shares. To the new commission would be left arrangement of an agreement that would bring to the prospector, free for sale, a reasonable portion of vendor shares of a company under a bill respecting prospector syndicates with capital of not over \$10,000.

Profit on Liquor Nears \$20 Million; Gallonage Falls

A profit of nearly \$20,000,000, an increase of \$2,500,000 over last year's surplus, is reported by the Ontario Liquor Control Board for the 12 months ending March 31, 1944. The report was tabled in the Legislature yesterday.

Consumption of all spirits, wines and beers in the fiscal year was 41,990,774 gallons, a decrease of 8.1 per cent.

In the comparative period of 1943 the board reported a profit of \$17,275,000. Despite continuation of Federal restrictions and various shortages, the board raised the profit to \$19,863,389. The sum of \$319,058, being 20 per cent of the fees received from hotel authorities, was distributed to 316 municipalities.

Individual permits issued by the board during the year numbered 1,280,306. There were 102,005 permits issued to non-resident members and 4,178 special permits to druggists and physicians.

Total value of all sales of spirits, wines and beers in the Province in the same period is \$95,819,513.27, an increase of 2.8 per cent. Sales of domestic spirits alone were \$31,008,797.42, an increase of \$4,075,442.52 over the figure of \$26,933,354.90 in the preceding year. This was an increase of 15.1 per cent.

Value of imported spirits sold during the year was \$9,152,274.93, an increase of \$1,698,363.98 over the preceding year, or 22.7 per cent.

Beer sold, aside from liquor stores, was valued at \$48,647,605.09, a decrease of 3.7 per cent from the preceding year. Liquor stores sold beer both domestic and imported worth \$1,248,536.32.

Wine sales for the year were: In liquor stores, domestic, \$2,085,189.44, a decrease of 24.8 per cent; imported, \$413,040.24, down 36.2 per cent; through wine stores, \$3,264,069.83 worth of domestic wine was sold, a 2.7 per cent. increase.

The Dominion Government received in customs and excise duties and sales and excise taxes on spirits, wines and imported beers purchased by the board, \$14,638,280.12. Also paid to the Dominion Government was about \$13,000,000 for malt duties and taxes on domestic beers and wines.

Grand total of revenue payments received by Municipal, Provincial and Dominion Governments as the result of levies on alcoholic beverages was slightly less than \$53,000,000.

Since the beginning of operations in June, 1927, to March 31, 1944, the Liquor Control Board of Ontario has made payments to the Provincial Treasurer of \$175,980,671.

Gallonage figures for the year of Ontario consumption were given as: Spirits, 1,941,631; domestic and imported wines, 1,541,245; domestic and imported beers, 38,507,898. Percentage of decrease in sale of domestic spirits was 4.3, whereas imported spirits increased seven per cent. Domestic beer consumption was down 27.7 per cent and imported beer sales dropped 23.2 per cent.

Decrease in domestic beers sold through warehouses was seven per cent.