

# Joint Stock Companies.

The following remarks, except as hereinafter mentioned, apply to joint stock companies, whether they are incorporated under the Dominion or Ontario Joint Stock Company Act.

A joint stock company is a partnership consisting of a large number of persons incorporated under some statute with the object of carrying on some specified purpose or business, and having a capital divided into equal shares which are transferable by the respective holders thereof without the consent of the other shareholders.

One or more shares are held by each shareholder, and in proportion to the shares held by him he is entitled to vote at meetings of the company, and to participate in the profits of the company.

There are two kinds of shares or stock, viz., common and preferred or preference.

By common shares or stock is meant stock which entitles the owner of it to a *pro rata* division of profits.

By preferred or preference stock is meant stock which entitles its owner to dividends out of the net profits before or in preference to the holders of the common stock, and which may in addition entitle its owner, in the event of the winding up of the company, and if there is any capital to be returned to the shareholders, to have the amount paid in on his shares returned to him before the common stockholder receives the amount paid in by him.

Cumulative preference stock is preference stock which entitles the holder thereof to have any deficiency of dividends in any year made good to him out of the profits of subsequent years.

Non-cumulative preference stock does not give the holder thereof this right, so that the holder of such stock can only look to the year's profits for his dividend for that particular year.

Preferred stock is shareable by the company is preference stock issued by a company which has the right to any stock that stock at any stipulated time.

Shareholders of preference stock possess all the rights and are subject to all the liabilities of other shareholders; their only privilege is their preference over the other shareholders with respect to dividends and capital.

A joint stock company is known in law as a corporation aggregate. The members of the company and their successors form but one person in law, a person different from that of any of the members, though composed of them.

Each shareholder is responsible for the debts of the company to an amount equal to that not paid up on his shares; so that, in case of the insolvency of the company, he stands to lose the amount paid in by him, and in addition he may be called upon to pay the amount still unpaid on his shares.

Under The Ontario Joint Stock Company Act (which applies to companies incorporated under that act) no person holding stock in the company as an executor, administrator, guardian or trustee is personally liable as a shareholder; but the estate and funds in his hands of the party represented by him is liable. (which applies to the Dominion Joint Stock Company Act.) is somewhat similar, and provides that no person holding stock in

executor, etc., represents the stock held by him at all meetings, and can vote as a shareholder. Every person who has pledged his stock represents the same at all meetings, and can vote as a shareholder. All questions proposed at meetings of the shareholders for the consideration of the shareholders are determined by the majority of votes, and the chairman presiding at such meetings has the casting vote in case of an equality of votes.

## INCORPORATION OF COMPANIES UNDER THE ONTARIO JOINT STOCK COMPANY ACT.

1. There must be at least five petitioners for the letters patent, and each petitioner must be of the age of twenty-one years. Each petitioner must be the *bona fide* holder in his own right of the shares for which he has subscribed.

2. There must be a formal petition, duly executed.

3. There must be a memorandum of agreement and stock book, duly executed, in duplicate.

4. Special conditions, if any, intended to have a bearing upon the stock of the company, or the manner in which it, or any portion of it, shall or may be subscribed for, must be inserted in the petition and in the memorandum of agreement and stock book as material parts thereof.

### THE PETITION.

The petition, which may be put in at any time without giving notice, must state:

(a) The full residence and occupation of each petitioner in full.

(b) The proposed corporate name of the company.

(c) The object of the company briefly stated in general terms, as, for example: "To manufacture and sell glassware, &c."

The objects of a mining company should be stated as follows: "Subject to the provisions of The Ontario Mining Companies Incorporation Act and with all the powers mentioned in Section 4 of that said act, to carry on, in all their branches, the operations of a mining, milling, reduction and development company."

In a mining company, the petitioners must add the necessary words to that effect to the prayer of their petition. (b) The place at, or from, which the undertaking of the company is to be carried on.

(c) The place in Ontario where the head office of the company is to be situated, and where its principal books of account and its corporation records are to be kept, and to which all communications and notices may be addressed.

(d) The capital of the company, and the number of shares, and the amount of each.

(e) The names of the provisional directors of the company, who must be, at least, three in number and who must be stockholders.

(f) The amount of stock for which each petitioner has subscribed in the memorandum of agreement and stock book.

(g) The petition must further state: That no public or private interest will be prejudicially affected by the

The application must be by petition signed by the executive officers of the company, and passed under the company's seal.

The petition must state the material facts, such as (1) the name of the kingdom, dominion, state, province or other jurisdiction under the laws of which the petitioning company was incorporated and is working; (2) its corporate name; (3) the date and manner of its incorporation; (4) the place where its head office is situated; (5) whether its existence is limited by statute or otherwise; and, if so, the period of its existence yet to elapse; and whether its existence may be lawfully extended; (6) whether it is a valid and subsisting corporation; (7) whether it has power, either express or implied, to carry on its business in Ontario, and, if so, the conditions, if any, under which such land is to be held; (8) its authorized powers set out in full; (9) the amount of its authorized capital, and whether such capital is divided into shares, and, if so, how; (10) the amount of its subscribed capital; (11) the amount of its paid-up capital; (12) whether it was carrying on business in Ontario on 1st July, 1900, and, if so, in what manner, at what places and to what extent; (13) its head office, or other chief place of business in Ontario; (14) the name, description and place of residence of its chief agent or representative in Ontario; (15) that the company has authorized an attorney; (16) the name, description and place of residence of such attorney, and (17) such further information as the Provincial Secretary may require.

The contents of the signatures to, and the impression of the seal upon the petition, must be verified by affidavit or statutory declaration.

If the application be on behalf of a company incorporated under the laws of the Dominion of Canada, a copy of its charter or of the act incorporating it, certified by the Deputy Registrar-General, or by the Clerk of the Parliament, respectively, must be produced with the application. A similar observation will apply to a company incorporated under the laws of any of the Provinces of the Dominion of Canada, regard being had to the proper officers in that behalf for the purposes of certification.

If the application be on behalf of a company incorporated under the laws of Great Britain and Ireland, the product of the memorandum and articles of association thereof must be certified to be a true copy by the Registrar of Joint Stock Companies at London, Edinburgh or Dublin, as the case may be.

If the application be on behalf of a company incorporated under the laws of one of the United States of America, the evidence of incorporation must consist of a duly-certified copy of the papers originally, and, if any, subsequently, filed in the Department of the Secretary of State, or other proper officer having the custody of the papers, and duly verified by such officer.

A person, resident in Ontario, or company having its head office in Ontario, must be appointed by the petitioning company to be its attorney and representative in Ontario, and a power of attorney, duly executed, for the purpose, under the seal of the company, must be transmitted with the papers.