

**No. 128.**

**A.D. 1869.** **An Ordinance to encourage the Establishment of Investment and Loan Societies.**

**AMENDED** by No. 165.

[20th August, 1869.]

Preamble.

**W**HEREAS it is expedient that encouragement should be given to the establishment of Societies having for their object the accumulation of money in this Colony, and the investment thereof:

Be it enacted by the Governor of British Columbia, with the advice and consent of the Legislative Council thereof, as follows:—

Societies how incorporated.

1. In case any twenty or more persons agree to constitute themselves into a Society under this Ordinance, and execute under their respective hands and seals a declaration to that effect, and deposit the same with the Registrar of Joint Stock Companies (who shall grant his certificate thereof, and for the granting of such certificate and receiving and registering such declaration, shall be entitled to a fee of five dollars), such persons and such other persons as afterwards become members of the Society, and their several and respective executors, administrators, and assigns, shall be a Corporation, Body Corporate and Politic, under this Ordinance, with the power to hold lands as hereinafter mentioned, by the name and style mentioned in such declaration, for raising by periodical subscriptions, in sums not exceeding ten dollars per month, or otherwise of or from the several members of the Society, in shares (not exceeding the value of five hundred dollars for each share), a stock or fund for investment on real security in Great Britain or Ireland, British Columbia, or any other of Her Majesty's Possessions, and for enabling persons to become members of such Society at any time, either for investment of capital therein or to obtain the advance of their shares or share by giving security therefor, without being liable to the contingency of losses or entitled to participate in the

Power to hold lands.

profits in the business of the said Society; and the certificate of the Registrar of Joint Stock Companies, of such declaration as aforesaid having been deposited, shall be conclusive evidence of the incorporation of the Society in such certificate mentioned. The date of such certificate shall be the date of incorporation of the Society; and the liability of the members shall be limited to the payment of the amount unpaid on the shares held by them respectively.

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Evidence of incorporation.

Date of incorporation.

Liability of members.

2. The several members of the Society holding unadvanced shares thereon, may from time to time assemble together and make such proper Rules for the government of the Society as the majority of the members so assembled deem meet, so as such Rules are not repugnant to the provisions of this Ordinance, or any Act or other Ordinance then in force in British Columbia; and they may impose and inflict such reasonable fines, penalties, and forfeitures upon the several members of the Society infringing such Rules, as such majority of the members think fit, to be respectively paid to such uses, for the benefit of the Society, as the Society by such Rules direct; and they may, also, from time to time amend or rescind such Rules, and make new Rules in lieu thereof, under such restrictions as are in this Ordinance contained.

Members of Society may make Rules;

impose fines;

amend or rescind Rules.

3. Every such Society shall, in or by one or more of their Rules, declare the objects for which the Society is intended to be established, and thereby direct the purposes to which the money from time to time subscribed to, received by, or belonging to the Society shall be appropriated, and in what shares or proportions, and under what circumstances any member of the Society or other person may become entitled to the same, or any part thereof.

Society shall, by Rule, declare objects of Society;

how money to be appropriated.

4. The Rules of the Society shall specify the place or places at which it is intended that the Society shall hold its meetings, and shall contain provisions with respect to the powers and duties of the members at large, and of the officers appointed for the management of its affairs.

Rules to specify time and place of holding meeting, and define powers and duties of members and officers.

5. Every such Society shall from time to time elect and appoint any number of the members of the Society to be a Board of Directors, the number and qualification thereof to be declared in the Rules of the Society, and may delegate to such Directors all or any of the powers given by this Ordinance to be executed.

Election of Directors.

6. The powers of the Directors shall be declared by the Rules of the Society, and they shall continue to act during the time appointed by such Rules, and until others are appointed.

Powers of Directors to be declared by Rules.

7. The Rules of the Society shall provide that the Treasurer, or other principal officers thereof, shall, once at least in every year, prepare a General Statement of the funds and effects of or belonging to the Society, and the value of such effects, specifying in whose custody or possession such funds and effects are then remaining, together with an account of all sums of money received or expended by or on account of the Society, since the publication of the pre-

Rules to provide that Treasurer shall furnish annual statements of funds.

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Statement to be attested by Auditors.
- ceding periodical statement. Every such periodical statement shall be attested by two or more members of the Society, not being Directors, who shall be elected Auditors for that purpose by the shareholders, and shall be countersigned by the Secretary or Clerk for the Society, and every member shall be entitled to receive from the Society, without charge, a copy of such periodical statement.
- Rules to be recorded in a book.
8. The Rules for the management of every such Society shall be recorded in a book kept for that purpose, and such book shall be open at all reasonable times for the inspection of the members; and a copy of such Rules shall be registered by the Registrar of Joint Stock Companies, and certified by him before they shall be binding on the Society.
- Copy of Rules to be certified by Registrar of Joint Stock Co's.
- Rules so recorded to be binding on members.
9. The Rules so recorded shall be binding on the several members and officers of the Society, and the several contributors thereto, and their representatives, and they shall be deemed to have full notice thereof by such record.
- Examined copy of Rule to be evidence.
10. The entry of the Rules in the books of the Society, or a true copy of the same, examined with the original, and proved to be a true copy, shall be received as evidence thereof.
- Rules not to be altered except at a special general meeting.
11. No Rules, so recorded as aforesaid, shall be altered or rescinded, nor shall any Rule be created except at a General Meeting of the members convened by public notice, written or printed, signed by the Secretary or President of the Society, in pursuance of a requisition for that purpose made by not less than fifteen of the members, stating the objects for which the meeting is called, and addressed to the President and Directors, and unless such general meeting do consist of not less than one-third of the shareholders present in person or by proxy, representing not less than two-thirds of the unadvanced stock of such Society, and the majority of such members present as aforesaid do in writing under their hand concur in such alteration or repeal of such Rule, or in the creation of any new Rule; and no such Rule shall be deemed to have been altered, repealed, or created, until the alteration, repeal, or creation, shall have been assented to by the Registrar of Joint Stock Companies, in writing under his hand. Each member of the Society shall, within fifteen days after the receipt of such requisition by the President or Treasurer, be notified by circular of the proposed alterations, repeal, or addition.
- Meeting to consist of  $\frac{1}{3}$  of shareholders representing not less than  $\frac{2}{3}$  of unadvanced stock, and majority consent in writing.
- Rules not to be deemed altered until alteration assented to by Registrar of Joint Stock Co's.
- Members to be notified of proposed alterations.
- Shareholder whose share is paid up may receive or invest the amount.
12. When any share or shares in the capital of any Society has or have become due and payable to the holder thereof, he may either withdraw the amount of such share or shares from the said Society, according to the Rules and Regulations thereof, or invest the amount of his said share or shares as fixed or permanent stock of the Society, and receive therefrom periodically such proportion of the profits made by such Society as may be provided for by the

**Rules of the Society.** The moneys invested in fixed and permanent stock may not be withdrawn therefrom, but may be transferred in the same manner as other shares in the same Society.

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Permanent stock transferable only.

13. Except in the case of the withdrawal of a member according to the Rules of the Society then in force, no member shall receive, or be entitled to receive, from the funds of the Society, in respect of any share which is not invested as permanent stock, any interest or dividend by way of annual or other periodical profit upon any share in the Society, until after the expiration of the term for which such share was originally granted, or such shorter period as, under the Rules of the Society, may have been substituted therefor.

Except in cases of withdrawal, members not to receive profits in shares, other than in permanent stock, until maturity.

14. Every such Society may from time to time limit the number of shares to be granted, and, except in cases provided for in Section 12, may charge a premium on any new share.

Society may limit number of shares, and may charge a premium on new shares.

15. Every such Society may, after reasonable notice in writing, declare forfeited to the Society the shares of any member who is in default, or who neglects to pay the number of instalments or monthly subscriptions fixed by any stipulation or By-Law, and may expel such members from the Society, and the Secretary shall make a minute of such forfeiture and expulsion in the books of the Society.

Shares may be forfeited.

Members may be expelled.

16. In case any payment either on account of subscriptions, instalments, fines, or for expenses in relation to any security or otherwise is due or payable to any such Society from any member thereof, the same may be recovered by action or suit in the usual manner.

Society may sue members.

17. In case a Sub-Committee of Directors is appointed for any particular purpose, the powers delegated to them shall be reduced to writing, and entered in a book, by the Secretary or Clerk of the Society.

In certain cases, powers of Directors to be recorded in books of Society.

18. The Directors shall choose a President and Vice-President, and they shall in all things delegated to them act for and in the name of the Society, and the concurrence of a majority of the Directors present at any meeting shall at all times be necessary in any act of the Board; and no business shall be transacted at any meeting of Directors, unless a quorum of Directors, as prescribed by the Rules, be present thereat.

Election of President and Vice-President.  
Concurrence of majority of Directors necessary.  
Quorum to be present.

19. The transactions of the Directors shall be entered in a book belonging to the Society, and shall at all times be subject to the review of the Society, in such manner and form as the Society by their General Rules shall direct and appoint.

Proceedings of Directors to be entered in books of Society.

20. All acts and orders of such Directors under the powers delegated to them shall have the like force and effect as the acts and orders of the Society at the general meeting.

Acts of Directors to be binding.

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Directors at meeting to appoint officers.

To remove officers for incompetence or misbehaviour.

Officers appointed to receive money to give security.

Repealed by No. 165.  
[Societies may make advances to members on security of real estate, and may take any property as further security.]

Society may become absolute owner by foreclosure of any property mortgaged to it.

Amended by No. 165  
In certain cases, Society may proceed in mortgage by sale, &c.

After default for 3 months successively Society may sell property held in mortgage.

21. The Directors shall from time to time, at any of their usual meetings, appoint such persons as they shall think proper to be officers of the Society, grant such salaries and emoluments as they deem fit, and pay the necessary expenses attending the management of the Society; and shall from time to time, when necessary, elect such persons as may be necessary for the purposes of the Society, for the time and for the purpose expressed in the Rules of the Society; and shall from time to time, for incompetence or misbehaviour, discharge such persons, and appoint others in the room of those who vacate, die, or are discharged.

22. Every such officer or other person appointed to any office in anywise concerning the receipt of money shall, before entering upon the duties of his office, execute a bond, with two sufficient sureties, in such form and for such amount as the Directors determine, for the just and faithful execution of his office, according to the Rules of the Society.

[23. Such Society may advance to members, other than any or either of the Directors thereof, on the security of unadvanced shares in the said Society, any portion of the funds of such Society, and may receive and take from any person or persons, or bodies corporate, any real property as original security, or any property of any nature or kind soever, as further or additional security for any advances made as aforesaid.]

24. Every such Society may take and hold any property or securities thereon, bona fide mortgaged or assigned to it, either to secure the payment of the shares subscribed for by its members, or to assure the payment of any debts due to the said Society, and may become the absolute owner thereof by foreclosure.

25. Whenever any such Society has received from a [shareholder] an assignment, mortgage, or transfer of any property to secure the payment of any advance made by, or debt due to, such Society, and containing an authority to such Society to sell such property in case of non-payment of any stipulated number of instalments or sums of money, and to apply the proceeds of such sale to the payment of the advances, interest, and other charges due to the Society, such stipulations and agreements shall be valid and binding, and the Society may cause the same to be enforced; and may proceed on any such security for the recovery of the moneys thereby secured, either at Law or in Equity, or otherwise, and generally may also pursue the same course, exercise the same powers, and take and use the same remedies, to enforce the payment of any debt or demand due to the Society as any person or body corporate may by Law take or use for a like purpose.

26. In case of default being made in payment of any sum of money secured, or intended to be secured, by any deed of security taken by any such Society, or any part of any such sum, for the space of three months successively after any or either of the days or times at which the same became payable, it shall be lawful for

such Society to offer the property comprised in any such deed of security, or any part or parts of such property, for sale by public auction, and either together or in parcels.

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27. If any person appointed to an office by the Society, and being intrusted with and having in his possession, by virtue of his office, any moneys or effects belonging to the Society, or any deeds or securities relating thereto, dies, or becomes Bankrupt or Insolvent, his legal representative, or other person having a legal right, shall within fifteen days after demand made by the orders of the Directors of the Society, or the major part of them assembled at any meeting thereof, deliver over all things belonging to the Society to such person or persons as the Directors appoint.

Representatives of deceased officers of Society to deliver over papers and moneys after demand.

28. This Ordinance shall extend to aliens, denizens, females, co-partners, and corporate bodies. Females and infants may hold shares in any Society incorporated under this Ordinance, in the same manner as male adults; and for the purpose of dealing with such shares, shall be considered as females or male adults respectively; and this Ordinance shall be construed in the most beneficial manner for promoting the ends thereby intended; but no female or infant shall be a Director of any such Society.

Ordinance to extend to aliens, &c., but no female or infant to be a Director.

29. Every such Society may invest any surplus funds in the stocks of any Chartered Bank in, or other public security of, the Colony; and all dividends, interest, and proceeds arising therefrom, shall be brought to account and be applied to the use of the Society, according to the Rules thereof.

How Society may invest surplus funds.

30. Every such Society by its Rules, Regulations, or By-Laws authorized to borrow money, shall not borrow, receive, take, or retain, otherwise than in stock and shares in such Society, from any person or persons, any greater sum than three-fourths of the amount of capital actually paid in on unadvanced shares, and invested in securities or in property by such Society; and the whole of the property and capital of the Society shall be liable for the amount so borrowed, received, or taken by any such Society.

Amount Society may borrow limited.

31. Any such Society may hold absolutely real estate for the purposes of its place of business, not exceeding the annual value of three thousand dollars in any one place, exclusive of the improvements which may be made by any such Society thereon.

Real Estate for place of business.

32. Such Society shall not be bound to see to the execution of any trust, whether expressed, implied, or constructive, to which any share or shares of its stock may be subject, and the receipt of the party in whose name any such share or shares stand in the books of the Society, or if such share or shares stand in the names of more parties than one, the receipt of one of the parties shall from time to time be a sufficient discharge to the Society for any payment of any kind made in respect of such share or shares, notwithstanding any trust to which such share or shares may then be subject, and

Society not bound to see to trust to which its stock is subject.

What receipt sufficient.

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whether or not such Society has had notice of such trust, and the Society shall not be bound to see to the application of the money paid upon such receipt.

No loan to be made to a Director.

33. No portion of the funds of any Society established under this Ordinance shall be advanced to any or either of the Directors of such Society, nor to nor for his or their use, upon any security or otherwise; and should any advance be made contrary to the spirit of this Ordinance, the Director or Directors receiving the same shall forfeit to the Society a sum equal to ten times the amount so advanced, and shall cease to be a Director of such Society.

Any Director receiving a loan to pay a fine of ten times the amount received.

Recovery of fine.

34. Every such forfeit or fine may be recovered before a Stipendiary Magistrate of British Columbia, in a summary way, by warrant of distress of the goods and chattels of such Director or Directors. In case of default of payment of such forfeit or fine, and of the insufficiency of such distress, such Director or Directors shall be liable to imprisonment for a term not exceeding twelve calendar months, at the discretion of the Magistrate who shall have issued the warrant of distress.

Officers who receive a bribe or commission to procure a loan to incur a penalty of \$500.

35. In case any Director or Directors, the Secretary and Treasurer, or Secretary, or Treasurer, or Clerk of any such Society shall take, charge, or receive any bribe, commission, or gratuity for negotiating any loan from, or procuring any advance to be made by any such Society, such person or persons shall incur a penalty of five hundred dollars, and shall, upon conviction thereof, be removed from office, and forfeit to the Society all his or their interest in such Society.

Directors to be liable for debts of dividend declared when the Society is known by them to be insolvent.

36. If the Directors of any such Society shall declare any dividend when the Society is known by them to be insolvent, or any dividend, the payment of which would to their knowledge render it insolvent, they shall be jointly and severally liable to the extent of the aggregate amount of the dividend so declared, for all the debts of the Company then existing, and for all that shall be thereafter contracted, so long as they shall respectively continue in office. Provided, always, that if any of the Directors shall be absent at the time the dividend or dividends shall be so declared, or shall object thereto, and shall forthwith file their objection in writing with the Secretary or Clerk of the Society, they shall be exempt from the said liability.

No portion of profits of Society to be divided until [the table on which the securities held by the Society have been valued shall have been sanctioned by an officer to be appointed by the Governor.]

37. Inasmuch as the stability of Societies established under this Ordinance will depend in great measure on the valuation of the assets of such Societies, and the division of the profits from time to time found or declared to have been made by such Societies, no such Society shall be at liberty to divide any of the profits found or declared to have been made by such Society, until [the table on which the securities held by such Society shall have been valued, and shall have been sanctioned or approved of by such Officer as the Governor or Officer administering the Government may from time to time appoint; and if any

*dividend shall be paid on or in respect of any share in the capital of such Society before such table as aforesaid shall have been sanctioned or approved as aforesaid, each of the Directors who shall not have objected thereto, and shall not have filed his objection in writing with the Secretary or Clerk of the Society, before any such payment, shall incur a penalty of five hundred dollars.]*

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38. In the month of December in each year, the assets of the Society shall be valued, and the accounts audited; and on or before the 14th day of the month of January then following, a Return, duly verified by the declarations of the Auditor and Treasurer, shall be made to the Colonial Secretary, in which shall be stated in a tabular form:—

The name of the Society;

The nominal capital;

The actual capital;

The number of unadvanced shares held in accumulating stock, and the amount paid thereon;

The amount of permanent stock not deposited as security for moneys advanced by the Society;

The amount borrowed or received on deposit;

The nature of the presumed assets, with a concise statement of the securities in a tabular form;

The losses and expenses during the year;

The profits divisible per share;

And such other information as the Governor or Officer administering the Government shall, from time to time, by notice published in the Government Gazette, order or require.

39. If any Society established under this Ordinance makes default in making a Return to the Colonial Secretary, in compliance with the foregoing directions, such Society shall incur a penalty not exceeding twenty-five dollars for every day during which such default continues.

40. Upon the application of one-fifth in value of the holders of unadvanced shares in any Society established under this Ordinance, the Governor or Officer administering the Government may appoint one or more Inspectors to examine into the affairs of the Society, and to report thereon in such manner as he may direct.

41. It shall be the duty of all officers and agents of the Society to produce for the examination of the Inspectors all books and documents in their custody or power. Any Inspector may examine upon oath the officers and agents of the Society, in relation to its business, and may administer such oath accordingly. If any officer or Agent refuses to produce any such book or document, or to answer any question relating to the affairs of the Society, he shall incur a penalty not exceeding twenty-five dollars in respect of such offence.

42. Upon the conclusion of the examination, the Inspectors shall

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 Result of examination how dealt with.
- report their opinion to the Colonial Secretary. Such report shall be written or printed, as the Colonial Secretary directs. A copy shall be forwarded by the Colonial Secretary to the registered office of the Society, and a further copy shall, at the request of the shareholders upon whose application the inspection was made, be delivered to them, or to any one or more of them. All expenses of and incidental to any such examination as aforesaid, shall be defrayed by the shareholders upon whose application the Inspectors were appointed.
- Power of Society to appoint Inspector.
43. Any Society registered under this Ordinance may, in a general meeting, appoint Inspectors for the purpose of examining into the affairs of the Society. The Inspectors so appointed, shall have the same powers and perform the same duties as Inspectors appointed by the Governor or Officer Administering the Government, with this exception; that, instead of making their report to the Colonial Secretary, they shall make the same in such manner and to such persons as the Society in general meeting directs; and the officers and agents of the Society shall incur the same penalties in case of any refusal to produce any book or document to such Inspectors, or to answer any questions, as they would have incurred if such Inspectors had been appointed by the Governor.
- Official copy of report of Directors to be evidence.
44. A copy of the report of any Inspectors appointed under this Ordinance, authenticated by the seal of the Society into whose affairs they have made inspection, shall be admissible as evidence in any legal proceeding.
- Recovery of penalties other than those provided for in Section 34.
45. All offences under this Ordinance, other than those provided for by Section 34 of this Ordinance, made punishable by any penalty, may be prosecuted summarily before two or more Justices, in manner directed by an Act passed in the Session holden in the eleventh and twelfth years of the Reign of Her Majesty Queen Victoria, chapter 43, intituled "An Act to facilitate the performance of the duties of Justices of the Peace out of Session within England and Wales, with respect to summary convictions and orders."
- Application of penalties.
46. The Justices imposing any penalty under this Ordinance, may direct the whole or any part thereof to be applied in or towards payment of the costs of the proceedings, or in or towards the rewarding the person on whose information or at whose suit such penalty has been recovered; and subject to such directions, all penalties shall be paid to the Treasurer of the Colony, and shall be carried to the credit and form part of the Revenue of the Colony.
- Service of notice.
47. Notices requiring to be served by the Company upon shareholders, may be served either personally, or by leaving the same, or sending them through the post office in a letter addressed to the shareholders at their registered places of abode.
- In case of joint own-
48. All notices directed to be given by the Societies shall, with

respect to any share to which persons are jointly entitled to, be given to whichever of the said persons is named first in the register of the Societies, and notice so given shall be sufficient notice to all proprietors of such share.

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ers of a share, on whom notice to be served.

49. All notices required by this Ordinance to be given by advertisement, shall be advertised in a newspaper circulating in the City or District in which the registered office of the Society is situated.

How notice to be advertised.

50. The provisions of any Ordinance or Act for the time being in force in British Columbia, relating to the winding up of Companies, shall apply to all Societies incorporated under this Ordinance.

Provision as to winding up of company.

51. The word "Society" in the foregoing sections of this Ordinance shall be understood to include and to mean any Society, Company, or Institution established under the provisions and authority of this Ordinance; the word "Rules" to include Rules, Orders, By-Laws, and Regulations; and whenever in this Ordinance in describing or referring to any person or party, matter or thing, any word importing the masculine gender or singular number is used, the same shall be understood to include and shall be applicable to several persons and parties as well as one person or party, and females as well as males, and bodies corporate as well as individuals, and several matters and things as well as one matter or thing, unless it otherwise be provided or there be something in the subject or context repugnant to such construction.

Interpretation clause.

52. This Ordinance may be cited for all purposes as "The Investment and Loan Societies Ordinance, 1869."

Short Title.