

pulsory liquidation before two dividends had been paid, the promoter should have no claim whatever on the general assets, but the license only should be retransferred to him. In order to protect the "promoter" against any unfair delay or failure duly to prosecute the undertaking, there should be a power to apply to the Warden for a winding-up order on such terms as to the promoter's interest the Warden, after hearing both parties, may adjudge.

It is worth consideration whether this power to order a winding-up should not be vested in the Warden on application of shareholders representing one-half of the contributing shares. In either case the order should be to effect a winding-up in the same way as if a voluntary winding-up had been carried by resolution.

I think that, for the information of persons wishing to invest, the following information, or to the like purpose, should appear on the prospectus. Very long reports from mining experts are published in prospectuses from which it is often difficult to sift the grains of fact, and the promoters are in no way made responsible for them; the purpose of the details now suggested is that they should be made on the direct responsibility of the promoters, and form the basis and consideration of the contract into which the applicant for shares enters. Copies of all agreements whatever made between the several promoters and between them and the company to be printed on the prospectus. Besides printing on the prospectus every such agreement, there should be a short tabulated list in detail of all expenses, sums of money, and all shares agreed or intended to be paid and allotted respectively out of the assets of the company, and the Christian name and surname, address, and occupation of every payee or allottee, and the several amounts or number of shares to be paid or allotted to each of such persons, and including the payment to be made to the broker for getting shares taken up.

That information at least would put the *bona fide* investor on his guard, and not only enable him to discount the value of interested advice, but put him in possession of the liabilities to be met by the company. It should be a penal offence punishable summarily to fail to give the above information, and to give it correctly; and on proof in the Warden's Court that such false statement was wilfully made, any applicant or allottee of shares should have his application avoided, and he should be entitled to a return of all sums paid.

There is another matter which I think in these companies dealing with mining claims requires legislation. A company is floated to work a particular claim or claims. The memorandum of association should be confined to that claim or those claims. Nothing should be allowed in the memorandum to authorise that company to shift its capital to acquire and to work any other claim. No majority, however great, should be allowed to force a person who invested in the one claim to divert his capital to another. The remedy of the majority must be to pay out the minority at current market values of shares.

Besides this, there is a great evil as to articles. The schedule to the Companies Act is rarely adopted, but, instead of the scheduled articles, articles of the most vague and loose description are filed; and when it is too late the shareholder finds that he is absolutely at the mercy of the directors, or, at least, of a majority of proxies under the command of the directors. It is true that he is referred to the memorandum of articles, which may be seen at the office of the company. But he takes them for granted, and even if he read them would probably quite fail to grasp their effect. I think that the adoption of the schedule form of articles should be imperative. If there are objections, those objections should be considered and the form amended; but at present the wide laxity of the optional memorandum and articles is a serious evil, and permits all kinds of abuses. If alterations are really necessary, there should be a reference to the Chief Registrar of Joint-stock Companies, who should have access to legal advice on behalf of the Crown, or to the Warden's Court, and the certificate of the Registrar or order of the Warden should be necessary to validate the articles so altered.

The prospectus of every sluicing and dredging company should, in addition to any reports or matter the "promoter" chooses to insert therein, contain on its front sheet certain other information, and I make the following suggestions as to the details of such information:—

- (1.) The character of the superficial area—that is, whether it is river-bed or dry land; whether it consists of river flats or terraces; whether it is covered with timber, or scrub, or is grass land.
- (2.) The general character of the stuff to be dealt with, whether light sandy soil and wash, or heavy shingle and boulders.
- (3.) How the ground has been proved auriferous; the number, size, and depth of bores put down, or holes sunk, the locality of each hole by reference to the plan accompanying the prospectus, and the number of grains per cubic yard from every bore.
- (4.) The names, addresses, and qualifications of the persons responsible for the bores and tests, and the dates when they were made; whether the depth at which the true bottom of the wash has been ascertained, in what number of places, and with what results; whether the bottom is rock or clay.
- (5.) As to sluicing claims, also dredging claims, requiring the water to be brought to the claims, the source and number of heads of water to be obtained therefrom in winter and summer, the length of race, the character of the ground over which the race is to be carried, and the estimated cost of the race, including tunnelling, rock-cutting, fluming, piping, siphons.
- (6.) If Nos. 3, 4, or 5, or any of them, has not been ascertained or done, or insufficiently so to test the general auriferous value and the depth to which sluicing or dredging will have to be carried on, and the number of heads and cost of race, then give the estimated cost to the company of making effectual tests and surveys, and ascertaining the number of heads and the cost of the race.