

Mr. Barnard.

COMPANIES AMENDMENT.

ANALYSIS

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A BILL INTITULED

AN ACT to amend the Companies Act, 1908.

Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Companies Amendment Act, 1930, and shall be read together with and deemed part of the Companies Act, 1908. Short Title.

2. In this Act, if not inconsistent with the context,— Interpretation.

10 “ Shares ” includes debentures, bonds, or any agreement with a company which forms one of a series of like agreements whereby the company undertakes any obligation in consideration of a money payment or payments.

15 3. It shall not be lawful for any person to go from house to house offering shares for subscription or sale to the public or any member of the public : Restrictions on offering of shares for subscription or sale.

Provided that it shall not be deemed to be a breach of this section if any such person shall prove that he visited a house and offered shares for subscription or purchase to any person residing therein at the express invitation of any person residing in the house or in pursuance of a *bona fide* introduction to any person residing therein.

In this section the expression “ house ” shall not include an office used for business purposes.

25 4. (1) Subject as hereinafter provided, it shall not be lawful to make an offer in writing to any member of the public (not being a person whose ordinary business or part of whose ordinary business is to buy or sell shares, whether as principal or agent) of any shares for purchase unless the offer is accompanied by a statement in writing (which must be signed by the person making the offer, and dated) Statement to accompany offer of shares.

containing such particulars as are required by this section to be included therein and otherwise complying with the requirements of this section :

Provided that the provisions of this section shall not apply—

- (a) Where the shares to which the offer relates are shares which are quoted on, or in respect of which permission to deal has been granted by, any recognized stock exchange in New Zealand and the offer so states and specifies the stock exchange ; or 5
 - (b) Where the shares to which the offer relates are shares which a company has allotted or agreed to allot with a view to their being offered for sale to the public ; or 10
 - (c) Where the offer was made only to persons with whom the person making the offer has been in the habit of doing regular business in the purchase or sale of shares. 15
- (2) The written statement aforesaid shall not contain any matter other than the particulars required by this section to be included therein, and shall not be in characters less large or less legible than any characters used in the offer or in any document sent therewith.
- (3) The said statement shall contain particulars with respect to the following matters :— 20
- (a) Whether the person making the offer is acting as principal or agent, and if as agent, the name of his principal and an address in New Zealand where that principal can be served with process : 25
 - (b) The date on which and the place where the company was incorporated, and the address of its registered or principal office in New Zealand :
 - (c) The authorized share capital of the company and the amount thereof which has been issued, the classes into which it is divided, and the rights of each class of shareholders in respect of capital, dividends, and voting : 30
 - (d) The dividends, if any, paid by the company on each class of shares during each of the three financial years immediately preceding the offer, and if no dividend has been paid in respect of shares of any particular class during any of those years, a statement to that effect : 35
 - (e) The total amount of any debentures issued by the company and outstanding at the date of the statement, together with the rate of interest payable thereon : 40
 - (f) The total amount of any bonds issued by the company to the date of the statement, and the extent to which they are paid up :
 - (g) The names and addresses of the directors of the company :
 - (h) Whether or not the shares offered are fully paid up, and, if not, to what extent they are paid up : 45
 - (i) Whether or not the shares are quoted on, or permission to deal therein has been granted by, any recognized stock exchange in New Zealand or elsewhere ; and, if so, which, and, if not, a statement that they are not so quoted or that no such permission has been granted. 50

In this section the expression "company" means the company by which the shares to which the statement relates were or are to be issued.

5 (1) If any person acts, or incites, causes, or procures any person to Act in contravention of this Act, he shall be liable to imprisonment for a term not exceeding *three* months or to a fine not exceeding *one hundred* pounds, or to both such imprisonment and fine, and in the case of a second or subsequent offence to imprisonment for a term not exceeding *six* months or to a fine not exceeding *two hundred and fifty* pounds, or to both such imprisonment and fine.

10 (2) Where a person convicted of an offence under this Act is a company (whether a company within the meaning of this Act or not) every director and every officer concerned in the management of the company shall be guilty of the like offence unless he proves that the act constituting the offence took place without his knowledge or consent.

15 (3) In this Act, unless the context otherwise requires, the expression "shares" means the shares of a company, whether a company within the meaning of the Companies Act, 1908, or not, and for the purposes of this Act a person shall not in relation to the company be regarded as not being a member of the public by reason only that he is the holder of shares in the company or a purchaser of goods from the company.

20 (4) Where any person is convicted in New Zealand of having made an offer in contravention of the provisions of section *three* or *four* hereof, the Court before which he is convicted may order that any contract made as a result of the offer shall be void, and, where it makes any such order, may give such consequential directions as it thinks proper for the repayment of any money or the retransfer of any shares.

25 Where the Court (not being the Supreme Court) makes an order under this subsection (whether with or without consequential directions), an appeal against the order and the consequential directions, if any, shall lie to the Supreme Court.

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