

Bank Act

In order to obtain that information in a third jurisdiction, it was necessary to approach the Government of the Cayman Islands with evidence of the illegal nature of the activities which gave rise to the transfer of those funds. The U.S. Justice Department refused to do so and its officials said that under their laws, because the issue had first been presented to the Grand Jury, it was contrary to the rules of evidence to admit to the scrutiny of a foreign country the nature of the evidence before the Grand Jury had ruled on it. That is all very well. It would then appear in law that the U.S. Justice Department was precluded from exercising its ordinary rights to obtain that vital piece of information from the Cayman Islands.

However, they decided to proceed in a devious fashion. They decided that they would oblige the Bank of Nova Scotia to release the information to them on penalty of a substantial daily fine. Of course, that fine would ultimately be paid out of the revenues of the bank. They are asking a Canadian bank to breach the laws of confidentiality in a third foreign country on penalty of a substantial fine every day that the information is not made available. It has made a determined effort not to follow the normal course that is available to the U.S. Justice Department of going to the Government of Cayman and releasing the information, which would then give rise to a proper release of whatever information the branch of the Bank of Nova Scotia happens to have on the Cayman Islands.

The U.S. Government has made a mistake and it is trying to make a Canadian bank pay for it. I believe that that kind of issue should have been resolved before this Bill was brought before the House. We rarely get an opportunity to have any direct influence from this House of Commons on the way in which our nationals, be they individuals or corporations, are treated in foreign countries. The Government allegedly looks after Canadian citizens and corporations. Sometimes it does that in a rather slipshod fashion. It is in this House that we might well have delayed the passage of this Bill until we had an undertaking by the U.S. Government to proceed in the proper fashion and not badger and fine excessively a Canadian banking corporation which, if it follows the demands which have been made upon it, will be subject to criminal proceedings in a third country.

In making these comments, under no circumstances do I wish anyone to interpret my remarks as being some kind of condonation or protection for illegal activities. However, there is a way to obtain the information in a very proper legal fashion. Certain governments fail to take the steps required in order to obtain what they say they need and then use the clout of a fine against a Canadian bank to get indirectly what they cannot obtain directly. It should have been the duty of this House and its Members to speak out with respect to this issue before the Bill was brought before the House. I regret the fact that that has not been done.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased to have an opportunity to say a few words about Bill C-30, and Act to amend the Bank Act, particularly when we consider that Canadian home owners today are being driven to the wall, that the Canadian farming sector is

experiencing probably the most difficult time since the 1930s, and that the small business sector is debating whether it is time to walk away from its operations and declare receivership or bankruptcy.

It is a very tough situation. Canadians are expecting action from this Government on a regular basis. That action is not forthcoming. However, there are certain groups which are receiving some attention by this Government. We are discussing one of those groups at the moment—the foreign banks which operate in Canada.

Almost 60 foreign banks have asked for a very special concession. They have said that we ought to break with tradition and freeze the Bank Act in this country for ten years in order to bring some stability into the banking system of Canada. The foreign banks have asked the Government to change this precedent. They have asked for a special concession. The 58 foreign banks from Japan, Korea, Israel, Greece and France which are operating in Canada, want a special concession from the Government. The Government is allowing that special concession.

The Government is ignoring Canadian small businesses. It is ignoring the fishing sector, the forest sector and the mortgage holders of Canada. The Government is ignoring the average Canadian individual who wants to borrow from the bank. However, when it comes to foreign banks, the Government feels that they ought to receive special treatment. That is what Bill C-30 gives—special treatment to the handful of foreign banks which are operating in Canada. I think it is a very black day when the Government considers this to be a priority item. It brings this legislation forward in the closing minutes of this Parliament. The Government considers this to be a priority item and it wants the House to pass this particular Bill. The assumption was, in terms of the government's explanation, that these banks provide a great deal of competition. Having 58 foreign banks operating in Canada with a greater amount of flexibility in terms of their banking operations, and with more of the banking action available to them, the Government says it is going to help the small business people. But when one looks at the facts, they indicate something totally different.

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The foreign banks have come into this country, almost falling over themselves, since 1980, getting into position to cream off the corporate loans of Canada. After all, when one considers that the overwhelming majority of these banks are located in three cities, Montreal, Toronto and Vancouver, and the overwhelming majority of them is in one single province, and when one considers that for all intents and purposes there are no branch offices at all, one cannot help but see that it is impossible for the foreign banks in their present state to offer much of a service to the small business sector and to the consumers of Canada. Yet these banks say, "Oh, yes, we are interested in helping the small borrower". However, when one looks at the size of their loan portfolios, one finds that loans in the \$5 million to \$25 million range account for 44 per cent of the foreign banking action, whereas with respect to domestic