Q. Did the Banque Nationale have money advanced under the Finance Act?—A. Yes.

Q. At the time it was taken over by the Bank of Hochelaga?—A. Yes.

Q. And you did not know anything about the condition that the Banque Nationale was in?—A. I knew they were having trouble.

Q. Did you know how they got into trouble?—A. Yes, I had a good idea.

Q. Was it through making certain large loans?—A. I understand so, what they call "frozen assets."

Q. If we had a section in the Act which limited the amount of loans which any bank could make, to a percentage of its capital, would it not prevent a large number of these big frozen loans? Would it not safeguard the deposits?—A. The merits and demerits of that, I would not like to give my opinion on; I really would not know. I know that was proposed at the last Session, that the amount of a loan should be governed somewhat by the amount of the capital of the bank. I would have no remarks on that; I would not like to make any remarks one way or the other.

Q. I should think you would be in a position to advise this committee. This measure was proposed last year, and I think it was turned down by the committee. Have you seen any reason in the last year to lead you to believe that this would be a wise provision to insert in the Act?—A. I would not like to say it would, because I know it is claimed that you would cut off a great deal of business now enjoyed by the banks with people who have large credits. They would have to divide it, go from one bank to another. They would probably get it eventually, but they could not place it all with their own bank. As to the merits of that, I would not consider myself an expert. I am a national finance man, rather than a commercial finance man. If you want just my personal opinion, I do not think they should be interfered with at all.

Q. Do you know whether some of the present banks have not too large an amount of their capital tied up in frozen loans?—A. No. I may say that if you took the trouble to examine the annual returns of the various banks to their shareholders, you would find that the average liquidity of the banks is about 50 per cent of their assets.

Q. And if they had a large amount of the other 50 per cent in frozen loans, that would not be a good position?—A. I would not say as to that. I would not say that that other 50 per cent is all frozen.

Q. Would you consider that a loan to a company which is in liquidation is a frozen loan?—A. A loan by the bank?

Q. To a company which is now in liquidation? Would that be considered a frozen loan—A. I do not see who would make it.

Mr. SHAW: A loan alreay made.

The WITNESS: I am not accustomed to being a witness, and I am afraid of answering some questions without thoroughly understanding them, so if I do not speak very clearly that is the reason.

The ACTING CHAIRMAN: Take your time, and be sure you thoroughly understand the question before you answer.

By Mr. Coote:

Q. The question I want to put is this. In the case of a loan which has been made to a company by a bank, that company afterwards going into liquidation, with the loan still unpaid, they are owed by that company to the bank. Would you consider that to be a frozen loan?—A. Mr. Coote, it would depend on how badly the company was involved. A company might go into liquidation and come out practically square, or nearly square, but if it were hopelessly involved, of course it would be a frozen loan.

[Mr. J. C. Saunders.]